

## Trade Ban On Iran Gets Cold Shoulder From Allies

Europeans Call Move  
Counterproductive;  
Tokyo Awaits Details

By Fred Barbash  
Washington Post Service

LONDON — President Bill Clinton's proposal for a trade ban on Iran received on Tuesday at best a cold reception — and in some cases outright rejection — from allies who trade with Tehran.

French, German and British officials said that sanctions were the wrong approach, saying they preferred what they called "critical dialogue."

Japan, in the most receptive reaction, said it would study the idea.

And privately, diplomats were even more blunt, saying that Iran's trading

Under pressure on Iran policy, Clinton goes out on limb. News Analysis, Page 6.

partners in Europe and Asia have no interest, either commercial or political, in broad sanctions and regard them as counterproductive.

Without cooperation, the trade ban announced by the Mr. Clinton on Sunday night is unlikely to have any significant impact.

"The United States is out on a limb alone," said Vahe Petrossian, an expert on Iran with the Middle-East Economic Digest here.

Mr. Clinton, labeling Iran a threat to peace in the Middle East and a major sponsor of terrorism, announced in an address to the World Jewish Congress that the United States would ban all trade with Iran.

The U.S. will press its allies over the next few weeks to review their traditional opposition to sanctions and join the embargo. Reaction on Tuesday suggested that Mr. Clinton would not have to wait that long.

"We do not believe in unilateral embargoes," said the French foreign minister, Alain Juppé, at a news conference in Paris.

The German foreign minister, Günter Rexrodt, said in an interview on German television that the move was "a

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Residents of Zagreb rushing past a victim of the Serbian missile attack that terrified the Croatian capital on Tuesday.

## FBI Arrests 2 in Oklahoma Bombing

Compiled by Our Staff From Dispatches

OKLAHOMA CITY — Federal agents on a nationwide manhunt for suspects in the Oklahoma City bombing arrested two men at a Missouri motel Tuesday, including a square-jawed figure resembling the man in the "John Doe 2" sketch.

Gary Alan Land and Robert Jacks — subjects of an FBI all-points bulletin issued Monday — were arrested at daybreak without incident as material witnesses in the April 19 bombing after their car was spotted in the motel parking lot in Carthage, Missouri.

In Washington, Attorney General Janet Reno said the men were believed to have information about the bombing and were cooperating with investigators.

Asked if the square-jawed Mr. Land could be the muscular, tattooed "John Doe 2," the second suspect in the nation's worst terrorist attack, an FBI spokesman, Dan Vogel, said: "We don't know that. We have not determined whether he is or not."

But later in the day, a law enforcement source in Washington, speaking on condition of anonymity, said federal investigators were considering releasing Mr.

Land and Mr. Jacks because authorities were having trouble finding a legal basis on which to hold them.

However, some of Mr. Land's movements appear to have paralleled those of Timothy McVeigh, the first suspect arrested in the attack.

The FBI captured the two men after evacuating other guests at the motel, taking out the place overnight and phoning their room at daybreak. The men walked out and surrendered.

At midday, the FBI waited for the

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## Serbs Shell Zagreb With Cluster Bombs, Casualties Put at 126

U.S. Ambassador Denounces Attack  
As Move to Provoke 'Full-Scale War'

By Roger Cohen  
New York Times Service

ZAGREB, Croatia — Rebel Serbs attacked Zagreb, the Croatian capital, firing rockets that slammed into a central square and spread death and mayhem Tuesday among people strolling in the warm spring air.

City authorities said five persons were killed and 121 wounded when three rocket-propelled cluster bombs hit the central area and six more hit the southern outskirts near the airport. Peter Galbraith, the U.S. ambassador, confirmed that rockets tipped with shrapnel-spraying cluster bombs had caused the damage.

The Serbian rocket attack, which shook buildings throughout the center of the city, came in response to a Croatian offensive that has captured most of a pocket of land held by separatist Serbs in western Slavonia, about 120 kilometers (75 miles) to the southeast.

The Croatian attack shattered a "permanent cease-fire" signed last year with rebel Serbs who went to war in 1991 to resist joining a newly independent Croatian state. The western Slavonian pocket represented a small part of the 30 percent of Croatia controlled by Serbs since the 1991 war.

Shortly after one rocket hit the central Strossmayer Square, near the U.S. Embassy, the charred wreckage of several cars could be seen smoldering.

The abrupt, direct impact of a war more often seen on television screens appeared to stun a city whose new cars and boutiques have given it an increasingly West European feel.

Police cordoned off a wide area, city authorities closed schools for 48 hours, and an eerie silence descended for several hours on central streets.

"Sending a rocket full of cluster bombs into a European capital is a repugnant act clearly intended to kill many people," Mr. Galbraith said. "It's an act that can only be intended to provoke a full-scale war." He added, however, that the United States

had warned Croatia that such attacks might occur in response to the Croatian offensive in Slavonia.

The Orkan rockets — a type manufactured in the former Yugoslavia — were apparently fired from multiple rocket launchers in the closest positions held by Serbs, about 65 kilometers south of the capital near the town of Petrinja.

President Franjo Tudjman of Croatia announced Tuesday that the offensive by the Croatian Army had ended after the surrender of the town of Okucani, where many of the 13,000 separatist Serbs in the enclave live.

But it appeared more likely that the ramifications of the largest outburst of fighting in Croatia since the 1991 war were just beginning to unfold.

While he appears to have secured a significant, if small, military victory and demonstrated that the Croatian Army is growing stronger, Mr. Tudjman has angered the United Nations and set back negotiations with the Serbs to the point where it will be difficult to revive them.

"There is a great chance that a high price will be paid by Croatia in terms of our overall effort to achieve a peaceful settlement," said Fred Eckhard, the chief UN spokesman in Zagreb. Negotiations had been set back by "many, many months," he added.

Prime Minister John Major said Tuesday that Britain would withdraw from the UN forces in the former Yugoslavia if the current trend toward a wider war in Bosnia and Croatia continued.

The UN Security Council demanded late Monday that Croatia immediately end the military offensive and urged the Serbs and Croatia to "comply with the existing cease-fire agreement."

Using tanks and MiG-21 fighters acquired despite an arms embargo on all countries of the former Yugoslavia, more than 5,000 Croatian troops stormed into the Serbian enclave in a pincer movement from the east and west early Monday.

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## A U.S. About-Face on Cuban Immigrants

By Paul F. Horvitz  
International Herald Tribune

WASHINGTON — A seeming thaw emerged Tuesday in relations between the United States and Cuba as the longtime bitter rivals jointly agreed to steps to "regularize" their migration policies.

Washington, in a full about-face, said it would allow 15,000 Cubans to enter the United States from "safe haven" detention camps at the U.S. Navy base at Guantánamo Bay, on the island of Cuba.

The administration had previously refused to allow the Cubans to enter the country and had instead sent them to the Guantánamo Bay base.

Cuba agreed to accept all Cuban nationals in Guantánamo who wish to return home, as well as those previously deported from the United States and those with criminal records. The Cuban government promised no reprisals, and Attorney General Janet Reno said Havana could be trusted.

A senior State Department official cautioned that the "overall relationship" be-

tween Cuba and the United States was not affected by what he called a "narrow" agreement.

Any new illegal boatlift or effort by Cubans to traverse the Straits of Florida will result in seaborne refugees being returned directly to Cuba and given an opportunity in Havana to apply for visas to the United States, Ms. Reno said.

"Cubans must know that the only way to come to the United States is by applying in Cuba," she said. However, any Cubans who reach Florida illegally will be given an opportunity to apply for asylum, the attorney general said.

She added that Cuba had promised "that no one will suffer reprisals, lose benefits, or be prejudiced in any manner, either because he or she sought to depart irregularly, or because he or she has applied for refugee status" at a U.S. office in Cuba.

In addition, Cuba has agreed to permit U.S. officials to monitor the treatment of those returned to Cuba.

The 15,000 Cubans expected to immigrate will nearly fill a quota of 20,000 that

Washington had promised President Fidel Castro of Cuba would be allowed into the United States. That deal was struck earlier this year to deter another influx of boat people.

Last year, an estimated 35,000 desperate Cubans tried to reach the United States on makeshift rafts and rickety boats. President Bill Clinton, trying to halt the flow, declared that all would be sent to camps at Guantánamo Bay and not permitted to enter the United States.

By last fall, 30,000 Cubans were being detained there, and others were sent to similar camps in Panama.

Pentagon officials, however, were worried about the \$1 million-a-day cost of running the camps and expressed concern that rioting could break out among the restive detainees, most of whom are young men.

About 21,000 refugees are being held at Guantánamo. Ms. Reno indicated that about 15,000 of them would be processed for entry to the United States over the next several months at the rate of 500 a week.

## Korea and Japan: A Legacy of Tragedy

By Sheryl WuDunn  
New York Times Service

SEOUL — Park Je Mun remembers that as a young child, during the Japanese occupation here, he was so hungry that he used to tear the bark off trees to add to the dinner's gruel.

And though he is fluent in Japanese, using it brings back painful memories of being beaten for using his Korean name, forbidden to speak Korean at school and

forced to donate family possessions to the Japanese military.

"All I spoke was Japanese, otherwise I was beaten," said Mr. Park, who reluctantly wrote on a piece of paper the Japanese name, Haruo Kiyomura, that he used for years.

"After liberation, we hated the Japanese so much we took all the Japanese books and burned them," he said.

There is no country so envied yet so reviled in South Korea as Japan. Tensions between the two lands stretch back to the 16th century, when Japan first invaded Korea, but preparations for the 50th anniversary of the end of World War II are reviving much of the anger and confused emotions that Koreans have held in recent decades against the Japanese.

Here, as in China and the Philippines, the Japanese colonialists are sometimes remembered as the Nazis of Asia.

They forced Korean men into manual labor in dangerous coal mines and elsewhere, they virtually stamped out Korean culture, they forced Asian women into sexual slavery and they conducted gruesome experiments on innocent Chinese victims.

Koreans still speak of the Japanese as dwarfs or cloven-footed people and insist on referring to the East Sea, the body of water that most of the world calls the Sea of Japan.

Japanese cars are also banned, though this may be related more to trade imbalances and economic rivalry.

South Korea also essentially bans Japanese popular cultural icons, like films, videos, music and comic books.

Korean authorities argue that its citizens, as well as the local industry, are not yet ready for a Japanese cultural invasion, and they cite a government-sponsored Gallup poll that said 84.2 percent of those surveyed were "generally negative toward opening up to Japanese popular culture."

"In politics and the economy, South Korea and Japan are the closest of allies," said Kim Yong Moon, a senior official at the Ministry of Culture and Sports, who also was forced to take a Japanese name during the occupation.

"But there are such sad and tragic feelings between the people of the two countries," he added. "For the majority of people, it is hard to accept Japanese popular culture."

When the Japan Cultural Center organized an exhibit of traditional Japanese crafts last fall in Seoul, South Korean protesters damaged some of the display cases. The exhibit closed for a couple of weeks.

The most vocal opponents of Japanese cultural imports are the Korean women who were forced to become sexual slaves to Japanese military men.

Perhaps as a symbolic cleansing, the government in March began its \$6 billion program to demolish the former Japanese headquarters, now the National Museum of Korea, that the Japanese military constructed inside a Korean palace.

While some see it as a necessary purging of Japanese domination from the national psyche, others say they think the museum should remain as a reminder of the crimes the Japanese committed against the Koreans.

## AGENDA

### Gaza Court Orders Execution of Policeman for Murder

GAZA (Reuters) — A PLO military court in Gaza handed down its first death sentence Tuesday, ordering the execution of a Palestinian policeman for killing a colleague, witnesses said.

The military court, which tries Palestinian troops, convicted Thamer Faris of murder. The death sentence was the first imposed since the Palestine Liberation Organization set up its self-rule administration in the Gaza Strip last year.

The three military judges said Mr. Faris shot and killed a fellow policeman and stole his gun. Mr. Faris said he planned to sell the gun to feed his family.

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Mr. Jospin, left, and Mr. Chirac facing each other as moderators looked on before the debate began Tuesday night.

## No K.O. Punch as Chirac and Jospin Spar

By Joseph Fitchett  
International Herald Tribune

PARIS — In a televised debate billed as the defining moment of French presidential election, Jacques Chirac and Lionel Jospin spelled out contrasting programs aimed at restoring economic momentum and political confidence in a nation that both candidates described as troubled.

In hammering at the theme of change, both men stuck closely to their main campaign themes, frequently engaging in long exchanges on technical points, including tax reforms, that sometimes made the debate resemble an academic seminar.

It was the first and only direct debate between the two rivals before the runoff Sunday, and neither man seemed to deliver a knockout blow to his rival — or a com-

peiling performance likely to give a broad lift to his appeal.

Mr. Jospin, 57, a former Socialist education minister mounting his first national campaign, appeared personable and credible as a challenger to Mr. Chirac, the conservative mayor of Paris, and former prime minister who is considered the front-runner.

At moments, Mr. Chirac, 62, appeared to alternate between his new image of restraint and his reputation as an impulsive man who gives voters the impression he might overreact in a crisis.

But Mr. Chirac hammered at his opponent as a new defender of Socialist ideas, including a halt to privatization, that would slow economic growth and lock France into a continuation of the current

standoff between a leftist president and a conservative Parliament.

Mr. Chirac called for sharp cutbacks in the size and role of government, including the French presidency, which he compared to a disguised monarchy because of the way recent leaders had abused their sweeping powers. His main thrust was a call for less government to allow French entrepreneurs to create more prosperity.

Mr. Jospin argued, often with lively clarity, that Mr. Chirac, despite his claim to be a reformer, remained a figure wedded to a political past. Mr. Jospin proposed radical changes, including a shortened work week and higher government spending, to restore social harmony in France.

On the future course of European integration, Mr. Chirac rejected assertions that

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OFFICIALS







## POLITICAL NOTES

## White House Denies Gingrich Dare

WASHINGTON — A defiant White House spokesman, Newt Gingrich, to propose ways of restructuring Medicare and said the Republicans in Congress must first specify how they intended to reconcile their promises to balance the budget and cut taxes.

President Bill Clinton's chief of staff, Leon E. Panetta, said Monday that the administration was not interested in any comprehensive improvements in the nation's health-care system and provided coverage to some of the 41 million Americans who now have no health insurance.

Mr. Panetta's comments escalated the political conflict over Medicare, the federal health insurance program for the elderly and disabled, just as the 1995 White House Conference on Aging was to begin. The White House and the Republicans both seem to be assuming that whoever the president is, Medicare will suffer severe political damage.

Mr. Panetta, a former chairman of the House Budget Committee, summoned reporters to his White House office Monday afternoon and declared that the Republicans "have, to some extent, painted themselves in a corner by promising what they can't deliver."

## FBI Rejects Charges of Atom Aid To Soviets

By David Streitfeld  
Washington Post Service

WASHINGTON — The FBI does not have "any credible evidence" that four top scientists on the Manhattan Project, which developed the U.S. atomic bomb, secretly helped the Soviet Union 50 years ago, according to the FBI director, Louis J. Freeh.

In fact, he said in a letter, the bureau has classified information "that argues against" the allegations made last year in "Special Tasks" by a former Soviet spy master, Pavel Sudoplatov. The book caused a furor by asserting that Niels Bohr, Enrico Fermi, Robert Oppenheimer and Leo Szilard provided the Soviets with information for their atom bomb program.

The FBI reviewed its files at the request of the President's Foreign Intelligence Advisory Board. At a press conference Monday, Les Aspin, the board chairman, cautioned that "this is not proof."

"The issue," he said, "is proving a negative, and it's very difficult if not impossible to prove a negative."

Mr. Aspin said he had reviewed the FBI's analysis, but was not authorized to describe material it was based on. Pressed for at least an example, he mentioned classified "lists of names of people who helped in developing the nuclear capability of the Soviet Union."

If the four scientists "were willingly involved in espionage, you'd expect their names to be there and they are not," Mr. Aspin said. He suggested that Mr. Sudoplatov, who as director of the Administration for Special Tasks supervised part of the intelligence apparatus, had confused code names and identities.

Jerrold Schecter, a former Time magazine Moscow bureau chief who was one of Mr. Sudoplatov's co-authors, was at the press conference and was not convinced. "Isn't the FBI itself an interested party in this investigation?" he asked, noting that Mr. Sudoplatov's version of events clashed sharply with the accepted histories of the time. "Why can't these materials be declassified 50 years later?"

## Foster Tries to Defuse Abortion Criticism

WASHINGTON — Blending poignant details of a life in medicine with a firm defense of his integrity, Dr. Henry W. Foster Jr. tried Tuesday to salvage his nomination as surgeon general.

"I am a doctor who delivers babies," he told a Senate committee eager to question him about abortions.

After two months of controversy, Dr. Foster slid into the witness chair with a pledge to "set the record straight." He conceded earlier understating the number of abortions he performed in four decades as an obstetrician, but said it was an "honest mistake" made without a complete review of the records.

"There was never any intent to deceive," he said. "I had no reason to do so."

With all seven Democrats on the Labor and Human Resources Committee expected to support the nomination, Clinton administration officials pinned their hope for approval on three uncommitted Republicans, including the chairwoman, Nancy Landon Kassebaum of Kansas. That would only move the 61-year-old former medical school dean over the first hurdle, though.

In a nomination caught up in presidential politics, Senator Phil Gramm of Texas has threatened a filibuster, and the majority leader, Bob Dole, one of Mr. Gramm's rivals for the Republican nomination for the White House, has said he might keep the nomination off the floor altogether. Mr. Dole cited questions about Dr. Foster's credibility rather than abortion.

Some Democrats believe they will benefit politically if the Republican-controlled Senate can

be depicted as rejecting a nominee for performing abortions only sparingly, and always legally.

Dr. Foster strode into the committee room accompanied by his wife, St. Clair, and White House aides working to salvage his nomination. The audience included several members of the "I Have a Future" program he founded in Nashville, Tennessee, to reduce teen pregnancy.

Outside in the rain, about a dozen anti-abortion demonstrators carried signs objecting to the nomination.

Mrs. Kassebaum and Senator Edward M. Kennedy of Massachusetts, the senior Democrat, stepped off the dais to greet him, and Dr. Foster bowed slightly as he shook hands with Mrs. Kassebaum, a supporter of abortion rights.

Dr. Foster, Mrs. Kassebaum said later after gaveling the hearing to order, "has been made a pawn in our abortion debates. I believe he deserves to be judged on his whole record, his life experience and his current views."

Mr. Kennedy later held up a framed copy of a letter that President George Bush had sent Dr. Foster bestowing a "Point of Light" citation on the anti-pregnancy program.

Under prodding from Mr. Kennedy, Dr. Foster recalled conditions in the Tuskegee, Alabama, area where he practiced as a young obstetrician. "I have worked 40 hours straight and got not one wink of sleep," he said. Busy doctors in some locations might deliver 250 babies a year, he added, but in one year in Alabama he delivered 2,300. As surgeon general, he said, "I will focus on the full range of health challenges facing this na-



Dr. Henry Foster, left, being welcomed Tuesday to his Senate confirmation hearing by the panel's chairwoman, Nancy Kassebaum, and the senior Democrat, Edward Kennedy.

tion," including AIDS, heart disease, mental health, aging and other concerns. First, though, he sought to resolve the dispute over abortion and the conflicting answers he provided at the time of his nomination. "In 22 years at Meharry Medical College I am listed as the physician of record on 39 abortion cases," Dr. Foster said. Last winter, he testified that he had performed only one such operation, and then said abortions he performed numbered fewer than a dozen. "I do regret the initial confusion," he said.

Dr. Foster was also expected to face questions about hysterectomies he performed on re-

## Something Fishy at Agriculture?

WASHINGTON — The Justice Department has launched a criminal investigation into allegations that senior Agriculture Department employees illegally raised campaign funds from co-workers to support Mr. Clinton's 1992 presidential bid and that donors were subsequently rewarded with more desirable jobs.

In addition, the House Agriculture Committee chairman, Pat Roberts, Republican of Kansas, has informed Justice officials that he planned to hold oversight hearings this summer to explore whether the fund-raising violated federal laws and whether any employment moves under the Democratic administration had been linked to the contributions.

The proceedings could pose a new ethical embarrassment for an administration that already faces investigations by three court-appointed independent counsels.

## Pete Wilson's Nonspeaking Role

WASHINGTON — Casting himself in the unaccustomed role of "nonspeaking politician," Governor Pete Wilson of California appealed to members of a conservative group to support his presidential campaign.

But the usually garrulous politician let his new campaign chairman, Craig Fuller, do almost all the talking Monday. On doctor's orders to keep quiet while recuperating from minor throat surgery two weeks ago, Mr. Wilson chose his words carefully — and sparingly. "This is very strange and very frustrating," he said.

## '94 Race Broke Spending Records

WASHINGTON — The Federal Election Commission says more money was raised and spent in last year's congressional races than ever before.

Candidates raised \$740.6 million and spent \$724 million, breaking the records established in both categories during the 1992 election cycle. According to the commission, candidates raised 12 percent more in the 1994 cycle than they did in 1992, and spent 6 percent more.

Democratic fund-raising and spending went down, but Republican increases more than made up for it. In Senate races, Republican candidates raised \$183.5 million and spent \$180 million, compared with the \$134 million raised and the \$136 million spent by Democrats.

## Quote / Unquote

Mr. Gingrich, on Republican promises to balance the federal budget: "What we will not do, no matter how bad the demagoguery, no matter how dishonest the attacks, we are not going to back off from this commitment and say, 'Let's not balance the budget, it's too hard.'"

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## Church Taken for \$2.2 Million

## Episcopalians Say Ex-Treasurer Shifted Funds

By Laurie Goodstein  
Washington Post Service

WASHINGTON — The former treasurer of the Episcopal Church's national office in New York embezzled \$2.2 million over the last five years while the church was slashing its staff and programs because of budget shortfalls, according to a church investigation.

Ellen F. Cooke, the former church official, allegedly spent the money on a farm in Virginia, a house in New Jersey, private school tuition for her sons, and jewelry, clothing, meals and trips for herself, family members and friends, according to the church investigation. She now lives in McLean, Virginia, a Washington suburb, where her husband, Nicholas, is factor of the prestigious St. John's Episcopal Church.

Mrs. Cooke, in a letter to the church's executive council, blamed her actions on a psychiatric "breakdown" caused in part by workplace stress and "the pain, abuse and powerlessness I have felt" as a lay woman on the senior church staff. She said that any misdeeds were "blocked from memory."

Mrs. Cooke has not been charged and is not under criminal investigation because the church has not taken legal action, said a spokesman for the Manhattan district attorney, Robert Morgenthau. The Most Reverend Edmond L. Brown-

ing, presiding bishop of the Episcopal Church, said that he would decide by June whether to recommend prosecution.

A national church spokesman, James Solheim, said that because the church investigation did not examine whether Father Cooke was implicated in his wife's misdeeds, "any statement about his exoneration would be presumptuous."

The Episcopal Church has already secured title to the Cooke's house and farm, and put the properties up for sale, Bishop Browning said in a statement Monday. The church will continue to work with Mrs. Cooke's attorneys to recover further assets, and has insurance that will cover about \$1 million of the loss, he said.

"It would be difficult for me to describe the sense of betrayal that I have felt over these last few months," said Bishop Browning, national leader of the 2.5 million-member denomination.

"Funds taken from us were meant to serve the least of us. I have had many painful thoughts about how the funds would have been used had they been available, and who would have been ministered to in the name of Christ," he said.

The national staff of the Episcopal Church has been cut by a third since 1991, and many programs have been dropped or reorganized. Mrs. Cooke took money from unrestricted trust funds, but did not touch funds

earmarked for specific charitable purposes.

Mrs. Cooke was one of the most powerful officials in the national church, and her salary, at \$125,000, was second only to the presiding bishop's. Church insiders say that over the years she had drawn the ire of some staff members and elected committee members for her autocratic management style.

Bishop Browning backed her until last December, when he asked her to resign because "her working style did not well serve our common mission."

The national church discovered the misappropriations because, on her dismissal, she aroused suspicions by ordering a co-worker to issue her a check for more than \$86,000 in vacation and back pay.

The church then hired the accounting firm of Coopers & Lybrand to pore through its records. A three-month investigation found that, beginning in 1990, Mrs. Cooke had deposited \$1.5 million into her personal bank accounts, "systematically" diverting money that was supposed to be transferred to church accounts.

In addition, she allegedly wrote \$225,000 worth of checks from church accounts to third parties such as her sons' school, and to the vestry and rector's discretionary fund at St. Luke's Church in Montclair, New Jersey, where her husband was rector. In addition, she wrote a total of \$28,000 in checks to herself, the auditors found.



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## Away From Politics

• New trials were ordered for two persons convicted in the Little Rascals day care sex abuse case in North Carolina. In a unanimous opinion, the state Court of Appeals ruled that the court that tried Robert Kelly Jr. erred in allowing the parents of the alleged victims to testify.

• A judge entered a not-guilty plea on behalf of a Wisconsin laboratory, Chem-Bio Corp., charged with homicide in the cancer deaths of two women whose Pap smears were misread. District Attorney E. Michael McCann said the women were victims of indifference and blatant error.

• The magazine publisher Bob Gaccione said he would publish the Unabomber's manifesto and put his public relations team behind the effort "in order to save lives." The chairman of General Media International, which publishes Penthouse and Omni, urged the mail-

bomb terrorist in an open letter to "contact me at your earliest convenience." In a letter to The New York Times last week, the alleged bomber promised to stop his 17-year reign of terror if a major media outlet published his 29,000-word plus manifesto.

• A death row inmate, Keith Zettlemoyer, can be executed Tuesday, a federal court in Philadelphia ruled. It will be the first time Pennsylvania has used the death penalty in more than three decades.

• Sheriff's deputies in Los Angeles County captured two more of 14 inmates who broke out of jail together over the weekend, leaving just two on the run.

• An southbound Amtrak train was derailed when it struck a tractor-trailer stalled on a rural crossing in South Carolina. About 55 persons were taken to hospitals, but none was seriously injured.







## EUROPE

## Mafia Don and 40 Underlings Go on Trial in Sicily

**CALTANISSETTA, Sicily** — The Mafia's "boss of bosses," Salvatore Riina, went on trial Tuesday for the murder of a leading anti-mob investigator, Giovanni Falcone.

Judge Falcone, who had been expected to head a new national anti-Mafia prosecution service, was killed in May 1992 with his wife, Francesca, and three police guards when a remote-control bomb was detonated under their cars on an expressway near Palermo.

Mr. Riina was among only 12 of the 41 defendants who attended the session, held in a bomb-proof maximum security court inside Caltanissetta prison in central Sicily.

Mr. Riina, 64, and virtually the entire *cupola* (ruling commission) of Cosa Nostra, are charged with ordering or carrying out the murder of Judge Falcone, the first investigating magistrate to unravel the secret inner workings of the Mafia.

Mr. Riina, whose nickname is "The Beast," was captured in January 1993 after nearly 24 years as a fugitive.

Already sentenced to nine life prison terms for other mob crimes, he began what is expected to be one of Italy's longest and most detailed Mafia trials with an appeal to the presiding judge for better access to his lawyers.

Of the 41 defendants, only 9 remain at-large, a measure of the extent of a crackdown aided by an unprecedented breach in the Mafia's deadly code of silence by a flood of turncoats.

The other defendants who were absent on Tuesday are in custody, but they exercised their right not to attend the trial.

About 700 witnesses, among them 49 turncoats including some who have admitted involvement in Judge Falcone's killing, are due to testify at the trial.

The proceedings are expected to go on for about 18 months.

## U.K. Dilemma: The Law, Religion and School

By Sarah Lyall  
New York Times Service

**LONDON** — It was time for the mandatory session in daily worship at the Lauriston School in Hackney, East London. Several children recited a poem about an anthropomorphic tree who realizes he is more than the sum of his parts.

The head teacher, Heather Rockhold, led a discussion of the school's values — "Musical instruments?" suggested one tiny child — and then everyone joined in "The Family of Man," a song about togetherness.

What was left out? Well, references to Christianity, for one thing, even though worship in state-financed schools is meant to be "broadly Christian" under British law.

"I worry about the mainly Christian emphasis on things, which I think is unrealistic in this day and age," Ms. Rockhold said afterward.

"We try our best to follow the guidelines, but I think that most schools break the law in some way," she said.

The law, it seems, is becoming harder and harder for schools to follow these days, as Britain enters an era of diversity of language, culture and — of crucial

importance in a country that has its own state church — religion.

It is especially hard to keep up a strictly Christian pace at a school like Lauriston. Many of the teachers are atheists or agnostics.

And the student body, 265 children aged 3 to 11, is made up of not just Anglicans and Roman Catholics, but also Seventh-day Adventists, Jews, Rastafarians, Hindus, atheists, Jehovah's Witnesses, Sikhs, Buddhists, Evangelical Protestants, Muslims and Greek Orthodox Christians. Forty-seven percent of the students are members of ethnic minorities.

"I think the government has some notion of schools and communities being the way they were in the 1940s and 50s when village churches were full," Ms. Rockhold said, sitting in her office, a center of calm in the noisy, bustling school.

"But I have a strong feeling that most synagogues and mosques are much more likely to be full now."

What does the school do? It tries, teachers say, to follow the requirements — which call for religious instruction in the classroom as well as the daily worship sessions — by emphasizing values common to all religions, like sharing and

compassion, and by teaching that there are alternatives to Christianity.

"I would always say, 'Christians believe this,'" said Peter Sanders, Lauriston's deputy head teacher, who happens to be an atheist. "I would never say, 'This is the way it is.'"

That means, too, that the school devotes much of its time to what, if it were a university, might be called comparative religious studies.

Throughout the year, students learn about Christmas, Passover, Ramadan and all the other major holy days. Indeed, teachers say they worry about fostering the impression that religion is an endless series of festivals.

The bulletin boards are crammed with information about things like Diwali, the Hindu festival of light. Mr. Sanders recently spent an assembly teaching the students about Greek Orthodox Easter.

"I don't find it a problem to talk about the stories involved or the history of a particular religion, or about why things are done and why they happen," he said.

At the same time, he objects strongly to the government's requirements.

"I think they make a very clear statement that what is right in this country is

Christianity and Christian beliefs," Mr. Sanders said.

"For many of our students, that has strong implications and puts their standing in the community very much in perspective," he said.

There are inklings that some members of the Church of England are rethinking their positions, too.

This year, the Archbishop of York, one of the church's highest-ranking officials, said that a review of at least some of the regulations might be desirable.

School worship, he said, "is valuable if it can be done with integrity by those involved, but may be counterproductive if that integrity is lacking and the attitude toward worship is resentful."

But Gillian Shepherd, the government's secretary of state for education, warned teachers not to flout the law, which conservative Christians find not strict enough anyway.

"Teachers must be very clear about the requirements of the law as it stands," she said. "There are no plans to change it."

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**THROWING THEM BACK** — French fishermen at the port of Boulogne in northern France on Tuesday dumping cod that was shipped from Norway. The fishermen were protesting the importation of fish from outside the European Union.

## BRIEFLY EUROPE

## Stage Set for Mexico Pact

**PARIS** — The European Union and Mexico signed a declaration in Paris on Tuesday calling for "gradual and reciprocal liberalization" between the two sides and an intensified political dialogue.

The EU and Mexico said they had agreed to move toward a new political, commercial and economic agreement and increased cooperation.

The declaration was signed by Foreign Minister Alain Juppé, whose country currently holds the EU presidency, and his Mexican counterpart, José Angel Gurría Treviño, as well as by Manuel Marín, vice president of the European Commission. (AFP)

## U.K. Talks for NATO Chief

**BRUSSELS** — The flare-up of fighting in Croatia will top the agenda when NATO's secretary-general, Willy Claes, visits London on Wednesday and Thursday for a series of top level meetings, alliance sources said Tuesday.

Mr. Claes, whose public appearances have become rare since he was implicated in a Belgian government bribery scandal, will meet with Foreign Minister Douglas Hurd, Defense Minister Malcolm Rifkind and senior defense officials. During the visit, Mr. Claes will also discuss the twinned issues of the North Atlantic Treaty Organization's enlargement to the East and the alliance's relations with Russia. (Reuters)

## Belgians Weighing Votes

**BRUSSELS** — An opinion poll published on Tuesday found that nearly 40 percent of Belgians were undecided over which party they would vote for in the general election May 21.

La Libre Belgique daily newspaper said that 20 percent of the electorate was still deciding between two or three parties, while 19 percent had no idea which candidates to support.

The poll canvassed 2,100 people between April 12 and 21 in Brussels, Dutch-speaking Flanders and French-speaking Wallonia. (Reuters)

## A German Tribute to Delors

**BONN** — Chancellor Helmut Kohl on Tuesday awarded the former European Commission President Jacques Delors the Grand Cross of the Order of Merit for his services to European integration.

The order is the highest Germany can award to someone who is not a head of state.

"The award goes to a politician who, in his 10 years' work as president of the European Commission, achieved decisive advances in the work of European integration and so did outstanding service to the Federal Republic of Germany," a government spokesman said in a statement.

## Calendar

European Union events scheduled for Wednesday, May 3

**BRUSSELS:** Meeting of European Commission to discuss the Info 2000 program in the multimedia industry; the results of talks for freeing up the telecommunications infrastructure and cable television networks; a scientific cooperation accord with Canada on higher education, and the role of sanctions in enforcing EU legislation.

**BRUSSELS:** Karel van Miert, the EU commissioner for competition policy, and Marcelo Oreja, the commissioner for audiovisual affairs, meet with Jean-Pierre Elkabach of France Television.

**BRUSSELS:** Agriculture Minister George Moraitis of Greece visits the commission for talks with the agriculture commissioner, Franz Fischler.

**MARSEILLE:** Industrial Affairs Commissioner Martin Bangemann and Transport Commissioner Neil Kinnock participate in the maritime industry forum.

Sources: Agence Europe, AFP.

## A Trove of Papal Collectibles

Ancient Vatican Library Devoted to 'Life of Humanity'

By John Tagliabue  
New York Times Service

**ROME** — When staff members at the Vatican Library clean behind the cabinets, sometimes they find things.

Recently they turned up bundles of dusty propaganda posters from the Risorgimento, Italy's 19th-century struggle for national unity, said the Reverend Leonard Boyle, who has been prefect, or chief librarian, since 1984.

"Anti-papal stuff — invaluable for historians — scabrous poems, that some employee back then must have collected," he said, with an arched eyebrow that seemed to open a chink in the 71-year-old Dominican priest's indignation.

"The library, like any other thing, was regarded as a sort of holdall," he said. "Anything that came into the Vatican and was not of use elsewhere came first into the library. It was only as the stuff became too much for the library, in the 17th century, that they hired it off."

When Christian missionaries went abroad, they sent back more artifacts. Yu Dong, a young Chinese librarian, spends her days cataloging the Far Eastern collections, which contain not only manuscripts and books but also objects of art. She recently discovered a landscape painting of Kaifeng, a capital of China's 11th- and 12th-century Song dynasty.

But the artifacts are only the beginning. The library has about 1 million printed books. The Library of Congress has about 16.5 million. Many of the popes were major collectors, and several Renaissance princes and crowned heads left priceless libraries.

The papal collectibles include a collection of 150,000 manuscripts — ancient medical treatises, medieval geography books, literature and law books.

These make the Vatican Library what Anthony Grafton, a Princeton University historian, has called "the richest collection of Western manuscripts and printed books in the world."

Father Boyle stresses that the Vatican is essentially "a manuscript library, which happens to have a tail of printed books."

Literary scholars come here like pilgrims to consult the oldest manuscripts of Virgil's poetry, and mathematicians to study the earliest copy of

Euclid's "Elements," from the ninth century. Art historians study the miniatures in thousands of illuminated manuscripts.

"It's a humanist library," Father Boyle said. "We have medical manuscripts, and I think the biggest library of secular Italian poetry is here. It's not devoted to the life of the church, it's devoted to the life of humanity."

"That is its glory and its character," he said. Finding what is there has become the main problem, and so Father Boyle introduced a computer system 10 years ago for all new acquisitions.

Over the last year, librarians have begun entering the entire card catalogue of printed books into a computerized file that is accessible to scholars worldwide via the Internet.

"It's an odd sort of thing," said Father Boyle, an impish, dark-haired native of County Donegal, Ireland. "I've always had a bit of a magpie disposition, and all the bits and pieces I've picked up as a magpie I've used — very little I've let go."

The Latin he picked up while earning a degree at Oxford in medieval history launched him into paleography, the study of manuscripts. He taught for 25 years at the Pontifical Institute for Medieval Studies in Toronto before being appointed prefect.

The leap to the computer age under Father Boyle was a major step. The library did not even have a comprehensive card catalogue until the 1920s, when the Library of Congress sent experts to help organize one.

Paul Weston oversees a staff of about 50 people who work at computer terminals in spaces under the frescoed reading rooms, or on laptops at home.

Computerizing the card catalogue has helped discover lost books.

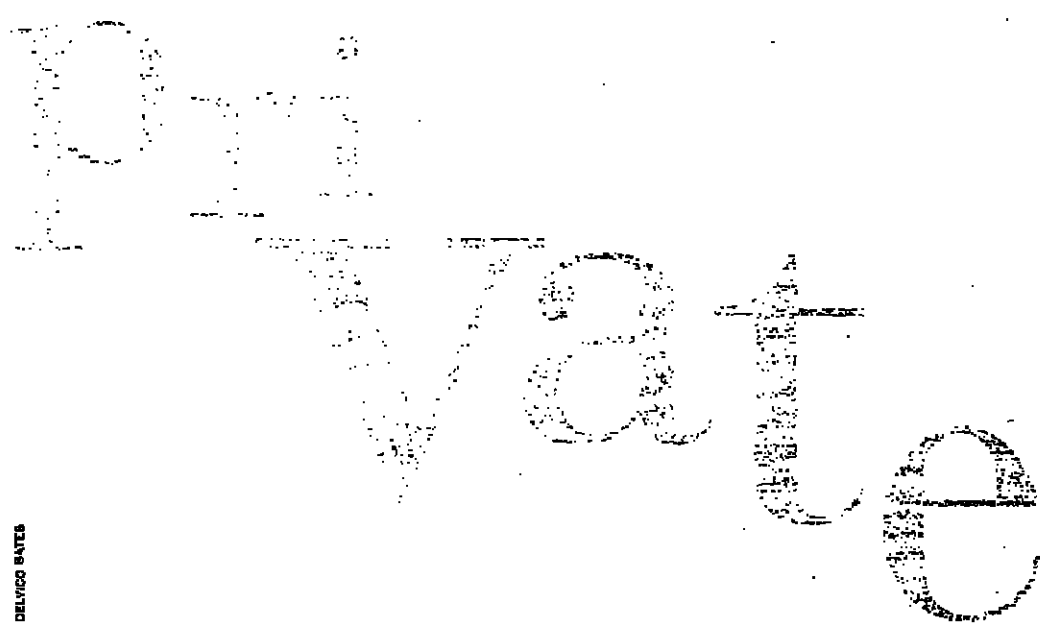
"Quite a number, more than we expected, were bound together," he said. "Also, there are inconsistencies in dates, or missing data in the call numbers."

IBM is financing a \$1 million program to store 20,000 images, most of them illustrations from illuminated manuscripts, with electronic scanning devices, so that scholars will be able not only to view them, but also to have their features electronically enhanced, or their details enlarged, on computer screens.

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## INTERNATIONAL

## A Major Obstacle to Mideast Peace? It's Mutual Incomprehension



Yasser Arafat cutting a ribbon Tuesday to open an election office in Jabalia, Gaza.

By Barton Gellman  
Washington Post Service

GAZA — Yasser Arafat had a story to tell, a story he has told a lot lately and delivers with practiced ambiguity.

It is a story about terror and terrorists and why they are not, in the end, his problems to solve. But it is also a story about his relationship with Prime Minister Yitzhak Rabin of Israel and the gaps of mutual halfheartedness and exasperation that divide them.

The two men are locked in the least likely of political marriages. Both know they must keep talking or admit that their initial accord of September 1993 granting limited Palestinian self-rule was an unforgivable mistake. Yet, their outlooks and backgrounds are so far apart that they seem to lack a common basis to proceed.

Mr. Rabin told dinner companions recently, according to one of them, that he had spent 45 minutes with Mr. Arafat explaining the historical significance of the arms ship Altalena. David Ben Gurion, then fighting Israel's war for independence, ordered the ship sunk in 1948 because it belonged to a rival Jewish militia, the Irgun, that did not recognize the authority of the fledgling state. Mr. Arafat, Mr. Rabin urged, needed an Altalena of his own against Islamic militants.

"It didn't penetrate," the dinner companion quoted Mr. Rabin as saying.

Mr. Arafat's story is longer, reliant on inference and insinuation, but its moral is roughly the same: Mr. Rabin doesn't get it, and doesn't want to.

The Palestinian leader's guests Monday in his seafaring office were a cross-section of the Israeli liberal pressure group Peace Now: a philosopher, an economist, one of Israel's finest fiction writers, nine left-leaning intellectuals in all. They had come to express solidarity with the Palestinian cause, and they agreed, with Mr. Arafat's consent, to permit a Washington Post reporter to attend.

Mr. Arafat was a charming host, embracing the novelist Amos Elon and fusing over the coffee and tea. Yet, his interlocutors left the meeting, and Gaza, with the troubling sense they had never quite connected with him.

"We played our cassette, and he played his cassette," said Avishai Margalit, a philosophy professor at Hebrew University. "Still, it's interesting which cassette he chose."

Mr. Arafat's story began with Beit Lid, the Israeli highway junction where two suicide bombers killed 21 young Israelis in late January. The twin blasts also exploded the most

recent breakthrough in the self-rule talks with Israel, causing Mr. Rabin to pull back from promises he said he no longer felt capable of keeping.

Twice before, Mr. Arafat said, traumatic attacks had followed similar breakthroughs

**While Arafat and Rabin know they must keep talking, they seem to lack a common basis to proceed.**

and prevented them from being carried out. "I said, 'This cannot be for the third time by accident,'" Mr. Arafat said. "So I followed up by myself the investigation."

He had learned — "and I have evidences," he said — that "these terrorist activities have been done through coordination between these fanatic Islamic groups and some elements on the Israeli side."

There was, in other words, a conspiracy of rejectionists — Israelis and Palestinians. Jews and Muslims — to damage the peace talks by mounting spectacular attacks.

At a summit meeting in Cairo in February, a week after the attack, Mr. Arafat raised the

subject with Mr. Rabin in the presence of Jordan's King Hussein and President Hosni Mubarak of Egypt. His evidence, he said, was that the two Beit Lid bombers had spent their last night in an Israeli village called Dahaniya.

"I have the right to ask, which car took these two guys wearing false Israeli military clothes and having the bombs from Dahaniya to Beit Lid?" Mr. Arafat said. "Which kind of car? And I ask one of you to calculate how many checkpoints from Dahaniya village to Beit Lid? At least six checkpoints."

"So I said, Mr. Prime Minister, if I have a gap you have a gap, and you will have to search together with me. He said, 'No, no, no,' and he became very nervous, and he left the room," Mr. Arafat said. "Then President Mubarak asked me, 'Keep quiet, we want a successful meeting,' and he brought him back to the meeting."

Later in February, Mr. Arafat said, he brought up the conspiracy again.

"He kept silent and he began to speak in Hebrew," Mr. Arafat said. "I don't know Hebrew, but one of my colleagues had written to me the translation in Arabic. He was asking his generals to answer me. Then I waited. No one replied to me. So I said, 'Answer me. Your prime

minister is asking you to answer me."

Mr. Arafat stopped, meaningfully. He laced his fingers to signify that he was coming to the point.

"No one can answer," Mr. Arafat said triumphantly. "Except Mordechai Gur shook his head, many times."

Mr. Gur is deputy defense minister.

Pressed for details of his theory, Mr. Arafat demurred.

Afterward, most of the Peace Now delegates said they did not think much of what Yasser Arafat described as "this story about an Israeli connection." But they noted something about Mr. Arafat's demeanor and the subtlety of his remarks.

The moral of Mr. Arafat's story, they said, was that terror threatened both sides and fell on both sides to confront. Throughout the meeting, they noted, he stressed his commitment to keep negotiating.

He told the Israelis that there was a "hot line" now between Mr. Rabin's office and his. He said the two sides have worked out most of the details of elections to be held in the West Bank and Gaza Strip.

When the Israelis brought up Jewish settlements and this week's disclosure of new land confiscations in East Jerusalem, Mr. Margalit said, "We actually embarrassed him." Mr. Arafat "is under tremendous pressure to cut off the negotiations," but he does not want to do that "come what may."

In fact, the delegation seemed to embarrass Mr. Arafat a second time, in the final exchange of the meeting. Haya Noah, director of Peace Now, invited him to a conference in Tel Aviv. Mr. Arafat, who has never set foot in Israel and knows what a storm to do so would create, demurred.

"Freih will replace me," he said at once, gesturing to the Palestinian justice minister, Freih Abu Meideen.

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## Clinton on a Limb: Congressional Pressure Spurred Iran Trade Ban

By Thomas W. Lippman  
Washington Post Service

WASHINGTON — President Bill Clinton's decision to bar all U.S. trade with Iran put the anti-Iran campaign squarely at the top of the administration's foreign policy agenda, placing at risk such treasured priorities as cooperation with Russia, expansion of markets for American goods, outreach to Islam and extension of the Nuclear Nonproliferation Treaty.

If the boycott fails to coerce Iran into changing its policies, fails to dissuade Russia from selling nuclear equipment to Iran and fails to persuade U.S. allies to restrict their own commerce with Tehran — all these are distinctly possible — the administration will potentially have undermined its other objectives and penalized U.S. business for no gain other than to show the U.S. Congress that it was prepared to get tough.

Secretary of State Warren M. Christopher

used language Monday that left the administration little room to maneuver or retreat gracefully. He called Iran an "outlaw state" that "simply cannot be permitted to get its hands on nuclear weapons," and said that

## NEWS ANALYSIS

Iran was responsible for "a trail of carnage from Beit Lid to Buenos Aires," referring to terrorist attacks in Israel and Argentina for which Iranian responsibility has not been established.

Mr. Christopher deliberately used such language because he is personally committed to blocking Iran's effort to acquire nuclear weapons, a State Department official said. "The issue is so important that no one is thinking about how to hedge," the official said.

White House officials have acknowledged, however, that it was not just Iranian behavior that induced Mr. Clinton to embrace the toughest of the Iran policy options developed

for him by his advisers. It was also pressure from the chairman of the Senate Banking Committee, Alfonse M. D'Amato, Republican of New York, and other members of Congress.

Mr. D'Amato and others are sponsoring a measure that would go further than the president's forthcoming executive order, announced Sunday. Their bill would close U.S. markets to most foreign corporations doing business with Iran, imposing what administration officials call a "secondary boycott." U.S. allies such as Germany, Japan and France strongly oppose that measure, which would primarily affect their companies.

Mr. D'Amato responded cautiously. "This is a good first step," he said, "but more needs to be done. Now it's our allies' turn to embargo trade with Iran."

The leader of the majority Republicans in the Senate, Bob Dole of Kansas, praised Mr. Clinton's decision, saying, "The president had to act." But Mr. Dole, too, said that more

needed to be done. He suggested that Mr. Clinton "may want to reconsider his trip to Moscow" next week if Russia has not backed off from its nuclear sales agreement with Iran.

Mr. Clinton announced his decision at a meeting of the World Jewish Congress. Israel and its U.S. supporters have been supporting Mr. D'Amato's bill and sounding the alarm about Iran's nuclear ambitions.

An Iranian government statement said, "U.S. Middle East policy is more biased toward supporting the Zionist regime than considering U.S. national interests," according to Reuters.

Iran has other outlets for its oil, the statement said. American oil industry analysts generally agree with that assessment.

Officials acknowledged that without the cooperation of Russia and the allies in the Group of Seven wealthy nations, the administration's policy would have little impact on Iran.

Part of the administration's problem in persuading other countries to follow its lead is that Russia's plan to provide Iran with a two-reactor nuclear plant and train Iranian technicians is technically legal under the Nuclear Nonproliferation Treaty.

At a conference in New York, the administration is seeking an indefinite extension of the treaty, but some key countries have said that U.S. opposition to Iranian acquisition of nuclear power shows a lack of U.S. commitment to the accord.

Another difficulty lies in the reluctance of the G-7 allies to restrict what they regard as legitimate business activity by their corporate citizens.

Even if they take similar steps, that would still leave Russia, which has agreed to sell Iran not only a nuclear power plant but also centrifuge equipment needed to produce the enriched uranium that Iran would need to make weapons.

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## INTERNATIONAL



Mr. Le Pen in Paris on Tuesday, carrying a newspaper report of the drowning.

## Killing Curbs Le Pen Influence

Far-Rightist May Lose Role as French Election Arbiter

By Barry James  
International Herald Tribune

PARIS — The death of a young Arab, hurled into the river Seine by skinheads during a rally of the extreme-right National Front, cast doubt Tuesday on the attempt of the Front's leader, Jean-Marie Le Pen, to be an arbiter in France's presidential elections.

The National Front won 15 percent of the vote in the first round of the election April 23. Even though he was eliminated, Mr. Le Pen, 66, has remained a third force against the two candidates in the runoff on Sunday, the conservative Jacques Chirac and his Socialist Party rival, Lionel Jospin.

But the murder of Ibrahim Bouarram, a 29-year-old Moroccan immigrant, and Mr. Le Pen's lack of public regret over what he dismissed as a minor "incident" created a wave of revulsion. The murder, according to the newspaper *Libération*, placed "a dead man on Le Pen's path."

Mr. Chirac said the killing was an "odious act" that made it all the more necessary to be vigilant against intolerance. Mr. Jospin called it "a new racist crime carried out by a group of those individuals who systematically practice violence."

Mr. Le Pen has long invoked France's delicate immigration issue. His call for the "repatriation" of 3 million immigrants, roughly equal to the number of unemployed in France, is a siren song to manual workers and the jobless who might once have voted Communist.

At the same time, he has washed his hands of the consequences of a policy that former Prime Minister Michel Rocard said "sows hatred" against foreigners. Mr. Le Pen said he felt "no responsibility" and expressed no regrets for the death of Mr. Bouarram, who was enjoying the May Day sunshine on the banks of the Seine when he was attacked by up to 10 skinheads during a National Front rally in Paris.

## DEBATE: No Knockout in Chirac-Jospin Face-Off

Continued from Page 1

he had raised questions that he has wavered about his commitment to close cooperation with France's neighbors.

But he avoided making any specific new commitments about European unity that are liable to interfere with his avowed hopes of reducing the powers of the European Commission in Brussels and resisting early moves toward reducing national sovereignty.

Otherwise, foreign policy was only briefly discussed. An exception was Mr. Jospin's criticism of French passivity about Russian actions in Chechnya, which he contrasted with U.S. pressure on Moscow.

The themes, largely domestic, were set in advance by the two campaign managers in conjunction with two journalists who moderated the two-hour debate. But both candidates shied away from hot issues in France, including the question of unemployment by agreeing to devalue the French currency.

As the debate progressed, many French television viewers

said that it seemed to lack the spark of personal or political fire that has often emerged in similar debates during previous campaigns. In that sense, both candidates seemed to have lost the opportunity to eclipse an impression of political fragmentation left by results of the first round of voting on April 23.

But with half of France believed to have watched it on national television, the duel could shift the outcome of Sunday's election by a few critical percentage points, especially among the unusually large pool of voters who say that they are still undecided.

In French presidential elections since 1974, the outcome of the debate has foreshadowed the voters' choice — a pattern similar to U.S. presidential campaigns in which TV debates have proved decisive.

The debate in France has special importance because it provides a platform for the candidates to project a strong vision about the nation's future.

Going into the debate, Mr. Chirac was credited with the

advantage of experience and a conservative majority in the country. But many analysts said that Mr. Jospin needed only a debating draw to maintain his momentum in trying to overtake Mr. Chirac.

Mr. Chirac has emphasized Mr. Jospin's position as a comparatively inexperienced statesman and also the heir to the Socialist governments over the last decade that left a legacy of strong unpopularity.

But Mr. Jospin portrayed himself credibly as an idealistic Socialist who has learned from the mistakes of the Mitterrand years. In many ways, he struck a figure resembling Bill Clinton during his campaign against George Bush in the United States in 1992.

Mr. Chirac, constantly referring to his extensive experience, sought to play down the main concerns of his two wings of supporters — centrists who are cool on law-and-order issues and strong on European integration and ultraconservatives who want a crackdown on immigrants and fear any erosion of French sovereignty.

## CROATIA: Serbs Shell Zagreb With Cluster Bombs

Continued from Page 1

the central Croatian industrial city of Slavonki Brod.

At least 5,000 Serbian refugees poured southward out of the western Slavonian pocket over a bridge on the Sava River into areas of northern Bosnia controlled by Serbs, UN officials said. A further 600 armed Serbs in the town of Pakrac surrendered after the fall of Okucani.

However, the road appears to have been no more than a pretext for the Croats. The taking of Okucani suggested that the real aim was to capture the whole enclave, which bulges into Croatian territory from Serbian-controlled northern Bosnia and has long made travel difficult between Zagreb and

homes during attacks on Serbian enclaves near the Adriatic coast in 1993.

President Slobodan Milosevic of Serbia condemned the Croatian offensive as "a criminal act against a civilian population and a flagrant attack on comprehensive efforts aimed at establishing peace in the region."

Mr. Milosevic, who set in motion the dissolution of Yugoslavia with a brand of aggressive Serbian nationalism that destabilized the former federation, has recently sought to portray himself as a moderate man and a peacemaker.

## Witness Says Blood on Sock Is Nicole Simpson's

LOS ANGELES — Three months after a sock was seized from O.J. Simpson's house, a technician discovered blood on it that matched the blood type of Mr. Simpson's slain former wife, the technician testified Tuesday.

Gregory Matheson, the assistant director of the police crime laboratory, offered the first scientific evidence directly linking Mr. Simpson to the June 12 stabbing deaths of Nicole Brown Simpson and her friend Ronald L. Goldman.

Meanwhile, an ambulance rushed to the home of Tracy Hampton, the juror who was dismissed from the panel Monday after having told Superior Court Judge Lance A. Ito last month: "I can't take it anymore."

A Los Angeles County fire department paramedic confirmed that the patient brought out on a stretcher was Ms. Hampton. She lay still and her head was covered to hide her identity. Ms. Hampton's sister and mother climbed into the ambulance behind her.

The paramedic, who would not give a name, said the woman's condition was not life-threatening but appeared to be of a psychological nature.

"She's just going in for observation," the paramedic said.

The county fire inspector, Brian Jordan, would not confirm the woman's identity, saying only: "There is a female. She is sick. She is sick and she is going to go to the hospital. One of the reasons she may be sick is all the attention here. That's all the family wants released."

On April 20, Ms. Hampton, a 26-year-old black flight attendant, told the judge she could no longer take the stress of juror service. Ms. Hampton's complaints were partly responsible for the dismissal of three deputies guarding the sequestered jurors.

Judge Ito had tried to get her to stay but failed. The judge said in court Monday that he had found "good cause" to

dismiss Ms. Hampton, but did not give his reason.

In the court session Tuesday, Mr. Matheson pointed to a chart that outlined for the jury the results of standard blood tests on the numerous blood samples collected in the case.

"Well, of the three parties that are on this chart," he said, the sock blood is "consistent with the type that we found on item No. 59, Nicole Brown, and is inconsistent with or definitely could not have come from the item No. 17, Mr. Simpson, or No. 60, Mr. Goldman," said Mr. Matheson.

Police said they found the sock next to another sock at the foot of Mr. Simpson's bed during a search the day after the murders. A police evidence technician said he did not see any blood on the sock at the time.

Mr. Matheson said that when he looked at the sock on June 29, he did not notice any blood either. But he said he saw a dark stain on the sock when he

inspected it on Sept. 18. The stain, he said, turned out to be consistent with Nicole Simpson's blood.

Technicians never thought to keep accurate records of how much of Mr. Simpson's blood was used for testing. Mr. Matheson also testified, and he added that measurements of blood samples from living persons were often just rough guesses.

Mr. Matheson addressed suggestions from Mr. Simpson's attorneys that a small amount of unaccounted-for blood taken from Mr. Simpson was sprinkled at the crime scene by police to frame Mr. Simpson for murder.

Mr. Matheson said that he only estimated the amount of blood taken from a vial when he tested it last June, and that some of the blood could have been thrown away or stuck to testing equipment without any record of it.

The disputed blood was given by Mr. Simpson after he was interviewed by police on the afternoon following the murders.

## ARREST: FBI Holds 2 More in Bombing Investigation

Continued from Page 1

arrival of bomb experts to search the men's car, said Wanda Jackson, co-owner of the motel.

Also Tuesday, the fire chief in Oklahoma City, Gary Marrs, said that the death toll in the bombing of the federal office building there had reached 146, but that fewer than 20 people were now thought to be missing.

Search teams at the building, which was blown apart by the blast, brought in heavy equipment early Tuesday to speed removal of the rubble.

In Washington, Ms. Reno refused to say if Mr. Jacks and Mr. Land were suspects in the bombing or if either was believed to be John Doe 2.

If they are not released, they were expected to appear before a federal magistrate later in the day.

A federal grand jury, meanwhile, was believed to be meeting on Mr. McVeigh's case in Oklahoma City. Authorities refused to confirm that it was meeting or to say where.

The Missouri Highway Patrol had been alerted by the FBI to watch for a white 1981 Thunderbird with an Arizona license plate in the vicinity of Joplin, Missouri. Sergeant Rick Baird spotted the vehicle at the Kel Lake Motel in nearby Carthage at about 9 P.M. Monday and questioned the two men, said a Highway Patrol spokesman.

The FBI surrounded the eight-unit, one-story brick mo-

tel and moved guests out of two other units.

The car sought in the FBI bulletin was registered in Arizona to Mr. Land. Mr. Land and Mr. Jacks stayed for five months at a motel in Kingman, an Arizona town frequented by Mr. McVeigh.

On April 20, the day after the bombing, Mr. Land and Mr. Jacks checked into a motel in Perry, Oklahoma, the town where Mr. McVeigh was being held on a traffic violation. After a few hours, the pair checked out and returned to a motel at which they had been staying in Vinita, Oklahoma.

The visit to Perry suggested that they were able to find out, possibly through an intermediary, that Mr. McVeigh had been arrested, although it is not clear who that person might be. Mr. McVeigh was not identified as a suspect in the bombing until Friday, April 21, when he was transferred to federal custody.

Tom Crafton, manager of Deward & Pauline's motel in Vinita, Oklahoma, said Mr. Land and Mr. Jacks checked into his motel on April 19, the afternoon of the bombing. He said the men checked back in later on April 20 and stayed until the evening of April 24.

Vinita is 180 miles (290 kilometers) northeast of Oklahoma City on Interstate 44; Carthage is 60 miles to the northeast of there, also on the interstate highway.

On April 23, the day before the pair left the Vinita motel,

## IRAN: Allies Cool to Ban

Continued from Page 1

man radio: "We do not believe that a trade embargo is the appropriate instrument for influencing opinion in Iran and bringing about changes that are in our interests. The right thing to do is to conduct a political dialogue with Iran. Only political dialogue can bring Iran to behave responsibly."

And a spokesman for the British Foreign Office said: "As a trading nation, we have taken the view that trade embargoes are not an instrument of policy that we favor. We're not convinced that they work."

The Japanese government said through a spokesman that it would "have to wait until we see the wording" of the executive order that Mr. Clinton is to issue imposing the sanctions.

Japan may consider delaying further the balance of a \$1.5 billion loan for development projects in Iran it had planned to announce at the upcoming Group of Seven summit meeting. Only a quarter of the money has been lent so far.

But with its dependence on Iran for 10 percent of its oil supply, and a policy of trying to improve relations with Tehran, analysts said it was highly unlikely Japan would go as far as Mr. Clinton would like.

None of this will come as a surprise to U.S. officials. Iran is far more important commercially to Europe and Japan than it is to the United States. In addition to the oil it exports, it is a major purchaser of construction services and supplies in Europe, especially from Germany.

The European Union nations, including France, Germany and Britain, have committed themselves to what they call a "critical dialogue" with Iran, as opposed to trade sanctions. They have also committed themselves to joint action where trade is concerned.

Also, said Helmut Hubel, a senior research fellow at the German Society for Foreign Affairs, Europe generally is "skeptical in principle as far as economic sanctions are concerned."

Germany in particular, with about \$6 billion annually in trade with Iran, "is one of the big trading nations of the world and does not like to suffer from embargoes, he said.

Mr. Hubel and German officials pointed out that Germany had, on past occasions, acted sympathetically toward such U.S. requests. In fact, the nuclear reactors that Russia plans to sell to Iran were originally to be

built by Siemens of Germany. Work was halted after the 1979 Iranian revolution and, because of pressure from the United States, never resumed.

But Mr. Hubel said he doubted if any European nation would follow the sanctions route.

The United States is "wasting its time," said Lindsay Horn, an energy expert with Lehman Brothers in London. Referring to the Iranians, he added, "All it's going to do is irritate them, which you can do quite easily." He called it "a gesture easily made" that does not achieve anything economically.

## FLASHMAN AND THE ANGEL OF THE LORD

By George MacDonald Fraser.

394 pages. \$24. Knopf.

Reviewed by Jon Lellenberg

GEORGE MACDONALD FRASER, now in his 70s, has reached his landmark 10th Flashman novel. A mordant wit on "Tom Brown's School-days," that prime example of what the late Christopher Morley called Victorian Corn, Fraser's first Flashman book came out in

1969, a ripe time for antiheroes, and filled the bill superbly. Flashman has soldiered on ever since, though in recent years, some students of his adventures have claimed to detect a certain unbidden sense of decency creeping in: Colonel Sir Harry Flashman, while still whoring his way through history, is not quite the shameless exploiter of womanhood he was once, nor quite the sniveling coward and bully he still claims to be.

Maybe not, but the Flashman of this year's release is as lustful a poltroon as you would expect

to find with a Victoria Cross on his chest and a knighthood in the offing. And if he finds himself in the midst of yet another triumph of history, as unimpeachable as ever, you may be confident that he has only others to blame. Flashy himself wouldn't be there for the world. But little nails hold the hinge of history, remarked Otto von Bismarck as he ruthlessly bent a younger Flashy to his own ends, in "Royal Flash" years before, and several of them combine this time to waylay him en route home from India in 1859. Instead of returning to his lovely brainless Elspeth's arms, Flashy is shanghaied to the United States, where one of his enemies has prepared a warm welcome for him.

Fortunately, his landfall does not come off quite the way Flashy feared. Still, the hardest thing about life, he muses, is that his has always had more than his share of madmen with a mission in it. This time the political forces for and against slavery, the union and the cause of Southern civilization conspire to thrust him into the arms of America's Man of Destiny, Ossawatimie John Brown. Fresh from Kansas, which he helped keep free-soil by killing settlers from Southern states, Brown is determined to raid the federal arsenal at Harpers Ferry, West Virginia — whereupon, he assures his liberal backers in New England parlors, the slave

revolt that will follow will sweep the Peculiar Institution away. A Southern secret society knows better, but wants Brown to try, for Southern outrage will cement opinion once and for all behind secession. The emerging Republican majority in the North wants Brown stopped, for fear of plunging the country into civil war. And each side insists upon Flashman's worming his way into Brown's trust and doing the trick for them.

By now, readers of Flashman's memoirs know the sort of thing to expect. And antiheroes do not cut quite the figure today they did 25 years ago, when cynicism toward Flashman's class and calling and (ostensible) values reached its zenith. But in "Flashman and the Angel of the Lord," Fraser still holds his audience. The depth of his historical research, and Flashman's storytelling powers, are well nigh irresistible.

Flashman's irreverence gets vast scope in an America on the brink of civil war over sectionalism and slavery. Some will not appreciate it, but at a time when "Huckleberry Finn" is being shunned again, others will find it refreshing.

Jon Lellenberg, who is working on the fourth volume of a history of the Baker Street Irregulars, wrote this for *The Washington Post*.

## BEST SELLERS

The New York Times			
This list is based on reports from more than 2,000 bookstores throughout the United States.			
Weeks on list are not necessarily consecutive.			
FICTION			
This Week	Last Week	on List	
1 THE RAINMAKER, by John Grisham	1		
2 THE CELESTINE PROPHET, by James Redfield	1	61	
3 POLITICALLY CORRECT BEDTIME STORIES, by James Finn Garner	2	45	
4 BORDER MUSIC, by Robert James Waller	3	10	
5 LADDER OF YEARS, by Anne Tyler	1	1	
6 CHILDREN OF THE TELL, by Barbara Hambly	1	1	
7 A DOG'S LIFE, by Peter Mayle	5	4	
8 MOO, by Jane Smiley	6	4	
9 OUR GAME, by John Le Carré	4	7	
10 THE BRIDGES OF MADISON COUNTY, by Robert James Waller	8	142	
11 THE GLASS LAKE, by Mavis Chey	7	8	
12 PREMONENTIAL WOMAN, by Mavis Chey	13	6	
13 THE COMMODORE, by Patrick O'Brien	1	1	
14 MUTANT MESSAGE DOWN UNDER, by Marlo Morgan	11	28	
15 DAILY-HEAD MAYTIE, by Dr. Seuss	12	11	
NONFICTION			
1 IN RETROSPECT, by Robert S. McNamara with Brian Van DeMark	1	1	
2 THE HOT ZONE, by Richard Preston	1	29	
3 QUIVERS, by Robin Quivers	6	2	
4 THE DEATH OF COMMON SENSE, by Philip K. Howard	2	11	
5 BREAKING THE SURFACE, by Greg Louganis	3	7	
6 SISTERS, by Carol Saline	4	18	
7 MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Berendt	5	60	
8 THE DIARY OF A YOUNG GIRL, by Anne Frank	7	5	
9 COULEROOP, by Paul Reiser	8	34	
10 FROM BEGINNING TO END, by Robert Fulghum	12	2	
11 AN ANTHROPOLOGIST ON MARS, by Oliver Sacks	9	7	
12 THE BOOK OF VIRTUES, by William J. Bennett	11	71	
13 LIZ, by C. David Heyman	1	1	
14 MODEL, by Michael Croteau	1	1	
15 THE DISCIPLINE OF MARKET LEADERS, by Michael Treacy and Fred Wiersema	10	10	
ADVICE HOW-TO AND MISCELLANEOUS			
1 MARS AND VENUS IN THE BEDROOM, by John Gray	2	3	
2 MEN ARE FROM MARS, WOMEN ARE FROM VENUS, by John Gray	1	101	
3 THE BEARDSTOWN LADIES: COMMON-SENSE INVESTMENT GUIDE	3	11	
4 THE SEVEN SPIRITUAL LAWS OF SUCCESS, by Deepak Chopra	4	6	

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INTERNATIONAL  
**Herald Tribune**  
PUBLISHED DAILY EXCEPT ON SUNDAYS AND HOLIDAYS  
THE WORLD'S DAILY NEWSPAPER

05/03/95



# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Damage Limitation

With expiration of the latest never-ending cease-fire, the one Jimmy Carter brokered, Bosnia is in a virtual free-fall. The warring parties have had four months to prepare to resume battle. The outside parties have exhausted their diplomatic maneuvers, never having put real muscle behind them. UN peacekeepers — ignored by the Muslims, humiliated by the Serbs — wobble on the brink of pullout. The possibility of expansion of the war to Croatia, Macedonia or Kosovo remains stark. In Washington the dominating consideration is still not to get sucked further in. Nonetheless, the Clinton administration is committed to join whatever brief but sizeable intervention might be necessary to escort out the peacekeepers. This can be defended as a minimal obligation to allies who have borne the brunt of a peacekeeping mission that the United States should have shared. But meanwhile the Republicans are pushing a reluctant Clinton administration to split with those same allies — and to increase their forces' exposure to peril — by unilaterally renewing arms supplies to the Muslims. This is foolish, an unthought-out effort to have it both ways. America has a moral obligation to the

Muslim-led government, the most abused party in Bosnia's wars. At this late point, it begs belief to imagine that Americans are about to start fulfilling that obligation generously. Even symbolic and lesser steps, however, must be chosen to do more good than harm. Opening an arms flow that simply drives out peacekeepers performing a vital and irreplaceable humanitarian service to the Bosnian people does not meet the test. Better to let the Muslims seek arms elsewhere, even from Iran. Some other means of persuading the Bosnian Serbs to meet the requisite test. These include political and economic boycott, war crimes trials of the leadership and insistence on a fair peace plan.

The war could go on for years, even decades, at continuing cost but at less than full pitch. Muslims have suffered the sort of giant losses of life, land and community from which giant passions for vengeance spring. Serbs, so far the winners, still nurse their own grievances. The catastrophe that has befallen the old Yugoslavia is not going to be undone. The goal of policy has become to limit some of the collateral damages.

— THE WASHINGTON POST.

## Embargo on Iran

### An Appropriate Move

A trade embargo is not a foreign policy weapon to be casually employed. Whether or not it has a crippling effect on the target country, an embargo is a powerful symbol of Washington's ire, and should be used only against countries that threaten American security and principles. Iran fits that definition. President Bill Clinton made the right call when he followed his foreign policy advisers rather than his economic advisers and imposed a complete ban on trade and investment with Tehran.

Mr. Clinton acted to punish the Iranian government's open support for terrorism and its pursuit of nuclear weapons. Besides its continuing death threats against the novelist Salman Rushdie, Tehran has been implicated in the murders of Iranian political figures abroad. Iran is also believed to be behind deadly car bombings from Beirut to Buenos Aires.

In addition, American intelligence agencies are convinced that Iran, which sits on more energy resources than its civilian economy will ever need, is pursuing reactor and other nuclear technologies from Russia and China to develop atomic weapons. Curbing international terrorism and nuclear proliferation are rightly among the Clinton administration's highest foreign policy priorities.

Until now, European oil-consuming countries and nuclear suppliers like Russia and China have been unwilling to restrain their commerce with Iran. Meanwhile, diplomatic efforts not backed by economic pressure have done little to change

Iran's dangerous behavior. Under these circumstances, the United States is justified in acting on its own and encouraging others to follow its example.

The embargo will end purchases of Iranian oil by U.S. companies for resale overseas, which last year amounted to \$4 billion, or one-fifth of Iran's oil revenues. U.S. companies were already barred from importing Iranian oil. The president's executive order will also halt remaining U.S. exports to Iran. By barring the trade of American companies, Washington may have a chance of persuading its allies to apply economic pressures of their own.

The administration also acted to head off efforts by Senator Alfonse D'Amato to legislate a wider ban that would have attempted to punish foreign companies doing business with Iran. This would needlessly antagonize the same allied governments that Washington is trying to persuade to join the embargo.

Imposing sanctions that major allies are likely to ignore always runs the risk of cheapening the credibility of sanctions in general. But the dangers from Iran are sufficiently great to override this risk. The administration should now strengthen the case for other countries to join the embargo by spelling out the minimal steps that Iran must take to get the sanctions lifted.

During the past 38 months the Clinton administration has been extremely reluctant to impose international trade penalties for political purposes. Iran's support for terrorism and drive for nuclear weapons make it an appropriate exception.

— THE NEW YORK TIMES.

### Not Much Substance

As political symbolism conveying a message of condemnation, President Bill Clinton's trade embargo on Iran may have a certain usefulness, but there is not much substance to it. The embargo will not affect American access to oil or Iranian access to American dollars. It will inconvenience the American oil companies that have been buying oil from Iran, but they will find oil in other markets as quickly as other companies go in to buy from Iran. In economic terms, nothing much will have happened.

The Clinton administration explains that the embargo will strengthen it in urging other countries to cut off sensitive exports and financial concessions to Iran. There is something to that point. Until now, other governments could simply shrug and point out that Americans were contributing several billion dollars a year to the oil wealth that makes Iran an unusually dangerous adversary. "If we are to succeed in getting other nations to make sacrifices in order to change Iran's conduct, we, too, must be willing to sacrifice and lead the way," Mr. Clinton said.

But that is the weak point in his case. The United States is not making any significant sacrifice. It will not use less oil or pay more for its gasoline. It will simply get its oil from other places.

If all countries were to embargo Iran, that would be an entirely different matter. But the United States is having trouble enough maintaining the world embargo on Iraq, and it is unlikely to be able to persuade even its allies to cut off purchases from two of the world's major oil sources simultaneously.

In Washington, the president's speech may successfully deflect the attempt by Senator Alfonse D'Amato to impose a much wider boycott forbidding any foreign firm trading with Iran to do any

business with American firms. Even the United States' best friends abroad have always resented and resisted this kind of attempt to impose American law on them. It would be unwise, as the president suggested, to invite quarrels over an enterprise that requires broad cooperation.

Trade sanctions can serve useful purposes, as the embargo on Iraq currently demonstrates. But the world's consumption of oil is steadily growing — and most of the growth is taking place, incidentally, in the developing countries. Most of that growth will be met, in this decade, from the Middle East. That reality underlies other governments' reluctance to join the United States in embargoing another oil-exporting country, even one that, like Iran, also exports terrorism.

— THE WASHINGTON POST.

### Other Comment

#### A New, More Open Vietnam

Vietnam, fortunately, has rethought its priorities and opened the door to a more prosperous future. This does not mean that it has suddenly renounced its past or accepted the idea of a representative government; indeed, brave men like Nguyen Dan Quoi remain in jail for advancing precisely such heresies. But it does mean that Vietnam has opened itself to engagement, and we think that experience elsewhere in the region suggests that in the long run, as a middle class develops and expands, so will the frontiers of freedom.

The first thing that greets a visitor to Vietnam at the Hanoi airport is a huge billboard for the American Express card under the caption "One currency." Can anyone really believe that there will be no social or political ramifications to follow?

— Far Eastern Economic Review (Hong Kong).

## Twenty Years On, Vietnamese Are Looking Forward

By Peter Ross Range

WASHINGTON — The yawn provoked in Vietnam by Robert McNamara's controversial mea culpa tells a great deal about the enduring difference between the American and Vietnamese relationships to the war.

In Hanoi and Saigon, as the bustling southern city is still commonly called, the focus is on the present and future, not on the sins of the past. "Vietnam is a country, not a war," Deputy Foreign Minister Le Mai is fond of saying. Mr. McNamara's tears are not Vietnam's.

Even the 20th anniversary of the country's reunification this past Sunday (in Vietnam it is the reunification that counts, not the war victory) has been a minor distraction from the real business at hand — that of becoming the next Asian tiger.

Workers were building bleachers in the park in front of the old presidential palace in Saigon last month for a parade, but almost nobody I met cared.

Vietnam today is in the business of business. Even Hanoi, the once sleepy outpost of postcolonial charm and Soviet collectivism, is a cauldron of capitalism. Everybody, everywhere, is selling something. From the soup stall to the high-rise construction cranes, the country resembles nothing so much as the unbridled free market economies of the West or, better, of the Asian tigers that Vietnam seeks so ardently to emulate.

Hanoi is madly striking deals with international investors eager to rebuild

roads, phone systems and the remaining machinery of a market economy. Yet American businessmen find themselves handicapped in a game fueled by cash streams from Hong Kong, Japan, Taiwan, Singapore and Australia.

The lack of full diplomatic relations between America and Vietnam, held up by the demands of the tiny missing-in-action lobby, cripples U.S. companies by preventing them from using such key instruments as the Export-Import Bank.

The consensus among Americans in Hanoi is that closer relations would foster closer cooperation and enhance the full accounting that MIA lobbyists seek. President Bill Clinton should break the impasse with a historic exchange of ambassadors with Vietnam.

Hanoi strikes the visitor as a surprisingly open place. I detected none of the dangerous electricity I always felt in the Moscow and East Berlin of old, where you knew that the heavy hand of the secret constabulary was only a phone tap away. Men in uniform are few and far between. If anything, the city needs more cops on the street to manage the heavy traffic.

This climate extends to the flow of information. Local television is heavily Westernized. On my first night in town, I was stunned to see "Apocalypse Now" showing on the main channel.

On other days, Oprah, Popeye, the Masters tournament and the NCAA final — jewels of American popular culture — washed over the doorman and drivers gathered before the television set in my hotel lobby.

Although government-controlled, the press is relatively uppy, reporting all manner of corruption, scandal and general incompetence.

When Lee Kuan Yew, Singapore's senior minister and Hanoi's unofficial chief adviser, was in town last month, he publicly upbraided the government of Prime Minister Vo Van Kiet for "your inability administratively." He was impatient with continuing bureaucratic impediments to private investment and miffed at yet another power outage that had killed his mike and darkened the hall where he was about to speak. All this received front-page treatment in the press.

This does not mean that Vietnam is free in larger terms. It is a one-party state with secret surveillance of those thought to be a threat. Some key Buddhist leaders are imprisoned, some intellectuals gagged or banded; some harsh sentences are meted out for the slightest show of dissent — such as the 15 years given to a man named Phan Van Quang for waving the flag of the former South Vietnam during the 1992 Ho Chi Minh City international marathon.

Still, political repression is hardly a topic that is on everybody's lips. As best I

could tell, in fact, it was on nobody's lips, unless I brought it up. The national preoccupation is economic, not political, and Vietnam is clearly a country on the make.

Nine years into *doi noi*, Vietnam's perestroika, the leadership is obviously doing something right. The Communists have succeeded, said my old anti-Communist friend Ly Quy Chung one day in Saigon.

It was an extraordinary admission from a former opposition politician, now a journalist, who battled both the Vietcong and the U.S.-supported government of President Nguyen Van Thieu in the 1970s.

He meant that his old enemies, after the "10 dark years" from 1975 to 1985, had now got it right, not merely economically but politically as well. By giving the people what they want — the liberty to pursue economic happiness — the Communist gerontocracy is able to keep what it wants: control.

But many think that Vietnam, opened to the West and electronically liberated by sidewalk fax and photocopy stalls, is slouching toward democracy.

By putting the war behind them and eagerly grasping their future, the Vietnamese are able to forgive and forget and move forward. The question is whether America is ready to do the same.

The writer was Time magazine's last bureau chief in Saigon. He contributed this comment to The New York Times.

## In Vietnam, the Obsessed West Stood Up to an Inflated Threat

By Gregory Clark

TOKYO — The fuss over

Robert McNamara's Vietnam mea culpa book "In Retrospect" misses the point. Maybe he should have resigned and spoken out earlier, but so should a lot of other people.

If he really was the closet dove he claims, then he was probably entitled to go along with the Lyndon Johnson tenet that said you are more effective inside the tent than outside.

The key message of the McNamara book lies elsewhere, in the ease with which the bogey of an amorphous "Sino-Soviet Communist threat to the Free World" managed completely to dominate Western foreign-policy making over Indochina.

As Mr. McNamara makes clear, and as I can confirm from experience as an Australian diplomat at the time, the rights and wrongs in Vietnam were secondary to most of the policymakers. The West had to stand up and be counted, period.

Yet from the start it should have been obvious that there was no credible "Communist threat." Communist movements around the world were still gaining from the nationalism spawned by past Western colonialism. But neither Moscow nor Beijing was doing much to help those movements.

In the early 1960s, the Soviets under Nikita Khrushchev were seeking détente with the United States, liberalizing their society; they were concerned mainly with perceived threats to national interests in Eastern Europe. China, then coming under the control of moderates such as Zhou Enlai and Deng Xiaoping, was mainly interested in getting its economy together and resisting perceived U.S. threats via Taiwan.

China provided most of the raw material to support the "Communist threat" argument. The Chinese-Soviet ideological dispute of the early 1960s was seen as clear proof of Chinese extremism and expansionism.

Few in the West were willing to do the homework to understand that the Beijing hard line was heavily qualified. The Chinese were primarily agitated by Soviet backtracking during the Taiwan Straits crisis of 1958. The China-India border war of 1962 was also seen as proof of Chinese aggressiveness. Yet even superficial study would have shown that the first clashes had been initiated by the Indians in Chinese-controlled territory north even of the border claimed by New Delhi. It was almost a

decade before the true story of what actually happened gained any circulation in the West. As Henry Kissinger later admitted, if the myth of an aggressive China which emerged from that war had been destroyed earlier, his own views on Indochina would have been quite different.

An even greater folly was Western determination to see events in Vietnam as inspired by Beijing. Historically, the Chinese and Vietnamese had long disliked each other. Hanoi was clearly its own master; if anything, it was rather pro-Soviet.

Yet somehow China was supposed to be controlling Hanoi and seeking to thrust southward into Southeast Asia. One wonders what the authors of this wisdom say today, when Vietnam seeks ties with the United States as an insurance policy against China.

How did the best and the brightest get it so wrong over China and the global Communist threat? Even David Halberstam, whose book "The Making of a Quagmire" did so much to influence public opinion on Vietnam at the time, talked about the West's "global commitment" in Vietnam in that

book without realizing that it was this kind of talk which allowed the policymakers to justify the quagmire and the killing.

One reason is the way military, intelligence and bureaucratic establishments feed off themselves. Stamped secret or top secret, their information automatically gains precedence over more accurate information available from outside. And careers often hinge on getting that wrong information accepted.

From then on the mistakes become self-perpetuating. In the name of national interest, media and academic establishments have to be penetrated and manipulated. A fog of clichés descends — global commitments, international obligations and so on — to support the government line, while the critics become seen as radical and suspect. The chances of a correct view getting through become even slimmer.

Backing this up is the primitive, we-versus-them tribalism that says forces of evil lurk in the darkness plotting to destroy us.

Even after Vietnam, the democracies still wanted to waste resources and let other societies be destroyed, in a needless determination to confront more alleged Communist enemies, mainly in Africa. But the democracies

did and said nothing about the death squad atrocities in Argentina and elsewhere. After all, it was just possible that the victims were also part of the enemy camp.

In short, enlightened Western democracies ended up committing the same sins as a squalid, authoritarian Communist regime would. And now we are busily creating new enemies — alleged terrorists and fundamentalists — without even bothering to understand who these people are and what they are about.

Short of changing human nature, there is no easy answer to the McNamara dilemma. I was a Chinese-Soviet specialist who resigned from the Australian diplomatic service in 1965 to protest Canberra's intervention in Vietnam. We did what we could — wrote articles, organized meetings — to shorten the war. In retrospect, we may have achieved the opposite. We gave the hawks yet another reason to try even harder to prove themselves right.

One answer was by the mothers of Argentinian victims — quiet demonstrations week after week, month after month, until even the hawks are shamed into remorse. True, the remorse, like Mr. McNamara's, comes too late. But it is better than nothing.

International Herald Tribune.

## Clinton Has Started the Job Against Terrorism at Home and Abroad

By A. M. Rosenthal

NEW YORK — Twice within

two weeks, Bill Clinton has fulfilled one of the major duties of any American president: to see clearly a danger to American peace, at home or abroad, to speak in public candor about it, and to start acting to meet it.

And twice he has found himself denounced by important parts of the society that is the target of the terrorist danger he sees.

In politics and journalism, the president's call to Americans to speak out against armed bigotry is being widely and deliberately twisted and distorted. In business, the automatic reactions to his decision to impose a trade and invest-

ment embargo against Iran have been to call it useless or harmful.

When the next bomb explodes in the next Oklahoma City, or when America has to decide whether Iran's nuclear plants have to be bombed before they produce weapons or after, these attacks on Mr. Clinton will no longer be important. But, as we wait, they serve as museum-quality specimens of how mean-spirited and suicidal American establishments can be.

After Oklahoma, Mr. Clinton said in several speeches that those Americans who did not agree with fellow citizens who exercised their

constitutional rights to spread paranoia at least should use their own right to speak against them. Platitudes — but important ones, since so few Americans do stand to speak against hate warriors of right or left.

In one speech, Mr. Clinton spoke a few words about some hate-mongering coming by radio, another piece of important obviousness. They pounced — the commentators, columnists and Democratic and Republican politicians who would not forgive Mr. Clinton if he said that the sun would rise tomorrow.

Some of the fury came from people who found that the shoe fit. But what was startling, and rather disgusting, were the charges, repeated endlessly in the mainstream press and television, that by daring to mention radio, he was scapegoating and trying to stifle criticism of the government.

In politics, members of both parties clucked at Mr. Clinton and assured us that the country would not be taken over by extremists. They are like a doctor who tells a patient he has a painful, spreading disease but probably won't die, so forget it.

As for business, it generally takes the attitude that the United States can use the lever of economic power only when it is in its business interests to do so.

Last year Mr. Clinton damaged himself badly by bowing to the China-trade lobby and reneging on his pledge to use tariffs as pressure for human interests in China and Tibet. So the business reaction to the Iran embargo was perfect knee-jerk — it will do no good because Iran will sell its oil elsewhere when American companies stop buying their current share of about 30 percent.

The truth is that the embargo is of major importance. It weakens foreign confidence in Iran as an investment market and strengthens the domestic opponents of the increasingly unpopular regime.

Used properly by Washington,

it will be notice to America's allies that they can expect American economic pressure to back off from trading with a terrorist, nuclear-bent Iran. Representative Peter King, Republican of New York, says he will ask Congress to add on a boycott of foreign companies that do business with Iran. That should focus the attention of allies on whether they prefer to do business with Iran or America.

Most important to American ethics, the embargo will end the contribution of American capitalism to Iran's drive to become a military nuclear power within five to 10 years, with Russian and Chinese help. So the embargo should strengthen Mr. Clinton when he delivers the critical message to Mr. Yeltsin: The Russian decision to build a nuclear plant for Iran is a danger that the United States cannot tolerate.

The Clinton people naturally do not wish to push Mr. Yeltsin to the advantage of his Russian enemies. But that is not as great a danger as allowing Russia to sell Iran the power of nuclear blackmail or nuclear terrorism.

Bill Clinton has started the work of engaging with domestic and foreign terrorism, with allies abroad or without them. That's a story, and a lot more important story, than the distracting mirrors being held up to the work, so cynically, so destructively.

The New York Times.

## No, the FBI Does Not Need New Powers

By David S. Broder

WASHINGTON — Louis Freeh, the director of the FBI, is a straight shooter, so his views are well worth heeding on the question of federal government monitoring of domestic terrorism.

At the Senate hearings after the Oklahoma City bombing, Mr. Freeh said two things that sound contradictory.

First, he said that "for two decades, the FBI has been at an extreme disadvantage with regard to domestic groups which advocate violence. We have no intelligence agencies had consciously and repeatedly violated the law and the constitution in building files on the political activities of hundreds of thousands of Americans, often without the knowledge or scrutiny of higher officials."

In response to the gross excesses of J. Edgar Hoover's long regime, President Gerald Ford's attorney general, Edward Levi, wrote new guidelines for FBI monitoring of domestic organizations, which barred surveillance and infiltration unless there is a "reasonable indication" that they are ready to resort to violence to achieve their goals. Subsequent attorneys general in Republican and Democratic administrations kept the guidelines in place.

Last November, according to Ms. Gorelick's testimony, Ms. Reno responded to complaints from Mr. Freeh about the "uncertainty" the guidelines were causing, and set up a working group in the Justice Department to see whether they could be clarified. That group has not yet reported. But after the Oklahoma City bombing, President Bill Clinton

and members of both parties in Congress are pressing for broader anti-terrorism authority. Some of the measures — like setting up a domestic counterterrorism center to coordinate the federal response to the threat and enlisting the armed forces' expertise on nuclear, chemical and biological weapons — clearly make sense.

When it comes to surveillance of domestic political groups, however, it would be wise to figure out how much authority the Justice Department already has before giving it more. Clearly, the excesses of the Hoover era have made the FBI wary. Clearly, too, there has been, as Ms. Gorelick testified, "considerable doubt as to what the guidelines permit."

She told Senator Specter that in her view, even "without a reasonable indication of a crime, a preliminary inquiry can be undertaken," and "you could use informants and you could collect information, and then determine whether you have reasonable indication for a full-fledged investigation."

That view appeared to surprise Mr. Specter. It points up the importance of knowing how far existing authority really extends. If current guidelines, properly interpreted, are adequate to the situation, as Mr. Freeh, Ms. Gorelick and Ms. Reno all say, then Congress should not enlarge the FBI's surveillance authority. The political abuse of wiretaps and other investigative tools is too recent and too flagrant to court that danger again. Oklahoma City should not usher in a return to Big Brother government.

The Washington Post.

### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

#### 1895: Japan's Desires

PARIS — The *Figaro* this morning [May 3] publishes an interview with Mr. Sone Arasuke, Minister of Japan in Paris, with regard to the existing situation. Mr. Sone Arasuke says: "What we desire is to obtain the war indemnity and commercial concessions. We do not wish to make any Continental conquests. We must, however, hold the keys of China for a time, or else China would refuse the peace treaty and the war would have to be fought again."

#### 1920: Unholy Squabble

ROME — It is announced from Fiume that in a Capuchin monastery a group of young monks are in open revolt against their Superior. They have closed themselves in a house adjacent to the monastery, after having demanded the withdrawal from religious vows,

secularization and the right to wear ordinary garb.

#### 1945: Surrender in Italy

PARIS — The German armies in Northern Italy and Western Austria surrendered unconditionally yesterday [May 2]. About 900,000 Nazi soldiers, including combat and rear echelon troops, according to an estimate by Field Marshal Sir Harold Alexander, laid down their arms under terms of the surrender. The capitulation, first by German armies in this war, became effective at 2 p.m. Paris time. Allied armies can now advance unhindered to within ten miles of Berchtesgaden. President Truman, announcing the collapse of German resistance in North Italy at a news conference in Washington, said: "Only folly and chaos can now delay the general capitulation of the everywhere defeated German armies."



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OPINION/LETTERS

# The Roots of Evil Go Deep In This Violent Century

By Richard Harwood

WASHINGTON — Eric Hobsbawm, the brilliant British historian, begins his recent history of the 20th century, "The Age of Extremes," with quotations from eminent intellectuals:

Isaiah Berlin, the British philosopher: "I have lived through most of the 20th century without, I must add, suffering personal hardship. I remember it only as the most terrible century in Western history."

René Dumont, the French agronomist: "I see it only as a century of massacres and wars."

William Golding, the British Nobel laureate: "I can't help thinking this has been the most violent century in history."

As Mr. Hobsbawm notes, our 20th century wars have been characterized by indiscriminate and interminable slaughter of indescribable cruelty. How many died in India and Pakistan after World War II, in Bangladesh, in Afghanistan, in the Middle East and Cambodia, in the Soviet purges, in the killing of millions in the China of Mao?

Such deaths since 1914, by an estimate of Zbigniew Brzezinski, have totaled 197 million.

Terrorism has become an enduring fact of life and has found expression in the United States in the "Days of Rage" during the Vietnam War, in the bombings of abortion clinics, in the destruction at the World Trade Center and now in

Oklahoma City. Since 1900 two of America's 16 presidents and two of its presidential candidates have been assassinated, while one president and two presidential candidates have been wounded.

In Latin America, Britain and Continental Europe, soccer matches have set off murderous rampages. In the United States, more than a quarter of a million people have been murdered in the past 10 years, a greater toll than the loss of American lives in World War II.

The press has chronicled the violence of this century and yet seemed incredulous in its shock at the Oklahoma City bombing and naive in its surprise that it could happen in America's heartland. Blame is assigned willy-nilly to talk show hosts, inadequate security measures, weak laws and idiots who run around in the woods playing soldier.

The search for explanations and easy solutions reflects the immediacy of what we journalists do. The fact that terrorism and wanton killing are embedded deeply in the culture of this century is largely ignored, as if each incident were unique and incomprehensible.

The press is not equipped to grapple day by day with the complexities of the 20th century and with the social and economic convulsions that have occurred on a scale unparalleled in history.

We work hard to keep up with the body count, the FBI successes and failures, the heartrending stories of survivors, the fixing of blame. But there are continuities here arising from universal conditions over which the press, governments and other institutions



JANZGER  
The Christian Science Monitor  
Los Angeles Times Syndicate

have little control or none at all. We can say, as the president and others imply, that "right wing" talk-show hosts share in the blame. But they had no part in the revolutionary episodes of the late 1960s and '70s, when university students provoked and participated in similar assaults on governmental institutions and Establishment targets.

The murderous Shining Path movement of Peru, as Mr. Hobsbawm puts it, was "an undesired gift of the staff and students of the University of Ayacucho." So, too, the Red Brigades of Italy and Germany and their counterparts in Nicaragua, El Salvador and other countries of Latin America, where anti-governmental insurrections were largely organized and led by leftist students and intellectuals.

The point is not right or left but alienation, anger, frustration and, in some cases insanity.

The world population has tripled since 1900 and may double again within 50 years. Agricultural technology has driven small farmers from the land into a strange urban world in which their skills are unneeded and unappreciated, their ties to family and community severed.

In the consumer-driven economies of industrialized nations, expectations rise in the face of diminishing opportunities for unskilled labor. Jobs are transferred by multinational corporations to countries with cheap labor and few economic controls. Alienation, envy, anger and the burdens of failure spread.

No political or economic system has in this century pacified or satisfied the restless millions. Soviet

Marxism failed miserably. Capitalism since 1945 seemed more successful, but in recent years the gulf between rich and poor has grown. Endemic violence is one result.

The press is powerless to fix things. But we should not be simplistic in analyzing the condition of society. As Mr. Hobsbawm concludes: "Since the middle of the century... the branch of [the old civilization] has begun to crack and break... The old maps and charts which guided human beings singly and collectively through life no longer represent the landscape through which we move, the sea on which we sail... We do not know where our journey is taking us, or even ought to take us... Let us hope it will be a better, juster and more viable world."

The Washington Post

# Treated Like Dog Meat — But Check Our Stereos!

By Ted Rall

BERKELEY, California — Anyone who doubts the contention of co-president Newt Gingrich that government is optional should check out the success story that is Generation X.

The people who usually appear on this page are worried that we are neglecting our children, America's future. The fact is, 20 million young

adults are making it — without help from bureaucracy, religion or family.

These are heady days for those of us who always suspected that treating people like dog meat is a recipe for a better breed of citizen.

No more will weak-willed social engineers and their fellow travelers in government fail for the trap of "caring," "helping" or other outmoded social policies.

All over America, we "twirtysomethings" — people 25 to 35 years old — decide elections, set trends and fall behind no faster than other people. We are saving the United States from itself, and we're doing it by being neglected, mistreated and ignored! Here's how.

● The Demographics of Divorce. By 1980 the parents of every American born between 1960 and 1970 got divorced. Our fathers ran off with their receptionists and never paid a dime of child support. Seeing the light, our mothers went to work as a dispossessed middle-class wannabe, hating his or her poorly dressed mother and absentee father.

But it turns out that children thrive without parents. Unlike the morally bankrupt, coddled, rich baby-boomer generation before them, kids born in the '60s had to forge their own way. Body-piercing was inevitable!

● Student Loans. In 1981 President Ronald Reagan, deeply concerned about the crippling effect of grants on needy college students, replaced the grants with high-interest loans. This made choosing our career paths simple. No Peace Corps for this hardy crew! By 1985, every American 17 to 27 — "twentysomethings" — was employed on Wall Street, making \$3,000 payments monthly on student loans. On Oct. 19, 1987, we were all laid off.

● Closing Doors. As my peers and I aged, our lives amounted to arriving at a great party just as the host ran out of drinks and electricity. As children, we attended public schools where, if we

were lucky, we all shared one battered textbook donated by the local Christian Science reading room. In the real world, the best jobs were taken by those a few weeks older than us. But money isn't everything.

Happy that no one wanted to exploit us anymore, we formed start-up ventures like internal-organ tattoo parlors and began experimenting with caffeine pills — a skill desperately needed by the burgeoning animation and virtual-reality industries.

● Rental, Sweet Rental. By 1994 the median price of a three-bedroom house had jumped to \$1 million. As a result, the average age of first-home buyers increased from 24 to 28. Did we let the fact that the American Dream of owning a home was out of reach stop us? Not that much! We bought pretty good stereos instead.

And we developed the rave/youth culture, which besides providing a sense of community also saves on rent since you can just go from one all-night rave party to another for the rest of your life.

● Dead Institutions. The 20th century has seen the death of traditional religious, social and political institutions and has offered nothing new to replace them. Older people see nothing in this but chaos and despair, but 25-to-35ers see a chance to use Quark to publish cool magazines about the death of traditional religious, social and political institutions!

● Cultural Neglect. "Cusp kids" — those born between 1960 and 1970 — actually benefited from the mass media's obsession with the boomers. Free of the glare of public attention, they came up with stunning innovations: guitars that require no musical training to play, poetry without words, the quadruple latte. My generation is extremely concerned about congressional proposals like giving higher tax credits for children. Why change the way we treat kids?

Smothering the next generation of Americans with affection and attention would deprive them of the chance to test themselves in the same atmosphere of Social Darwinism run amok that made us strong.

Before Capitol Hill acts on these dimwitted proposals, we should remember what the writer Bret Easton Ellis might have said, but didn't: "Doing bad stuff is wrong."

The writer, a syndicated cartoonist, is author of "Waking Up in America." He contributed this comment to The New York Times.

## LETTERS TO THE EDITOR

### Misdirected Anger

I'm sure that I am not alone in being troubled by the Japanese transport minister's comment about the United States making "slaves" of the Japanese ("Minister Says U.S. Enslaving Japan With Strong Yen," *Business Finance*, April 29). Slaves are, of course, forced to work without reward. It is unfortunately true that the hard-working and diligent people of Japan are not adequately rewarded. Thus, the minister may have some justification in comparing his compatriots to slaves. Where

he errs is when he assigns the blame. There is only one power on earth that has both the capacity and, it would seem, the desire to deprive the Japanese people of the just fruits of their efforts: that power is the government of Japan.

JOHN E. RAY,  
Fontenay-Trésigny, France.

### Terror Is Terror

Regarding "The International Dimension of Terrorism Remains" (*Opinion*, May 2):

In his column, Stephen S. Rosen-

feld argues that "the difference between international and domestic terrorism is that — in America, anyway — the authority and resources of the state are on the right side."

This will come as a surprise to those who thought they saw President Bill Clinton buddy up to Gerry Adams, leader of the political arm of the Irish Republican Army, recently at the White House. Perhaps, after the Oklahoma City bombing, Mr. Clinton may come to understand the disgust many Britons feel at his actions. Perhaps it might be fitting for the president to invite to the White

House some Northern Irish children orphaned by the Irish Republican Army to help them calm their fears.

MICHAEL TAYLOR,  
Hong Kong.

### Not Too Late for Burundi

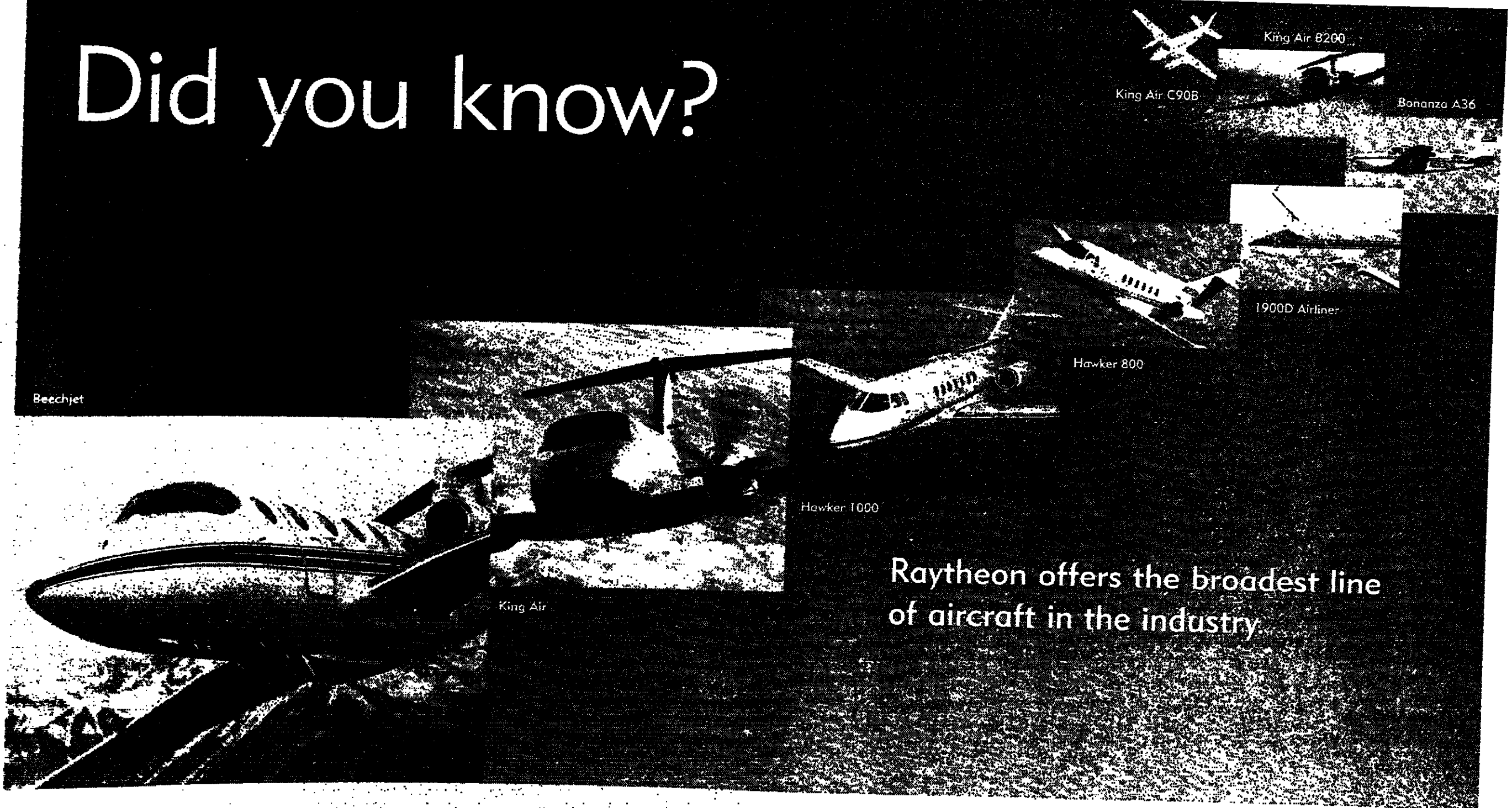
Reporting on Rwanda and Burundi unfortunately has reinforced the mistaken perception that both countries are traveling down the same road toward genocide. It is increasingly important that the press continue to monitor events in Burundi, as the ramifications of

the Kibeho massacre will inevitably affect the delicate ethnic balance in the country.

Bujumbura, the capital of Burundi, is now almost entirely inhabited by Tutsi, and two of the last three Hutu presidents have suffered violent deaths. Still, the country has not descended into genocide. This distinction bears testament to the differences between the two states. The opportunity for preventive action still exists in Burundi.

AMYN HASSANALLY,  
London.

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## EUROPE

## After 2 Successive '100-Year Floods,' Dutch Brace for New Battle

By William Drozdiak  
Washington Post Service

ON EASTERN SCHIEDT DAM, Netherlands — From the time the first dikes were built here in the 10th century, the Dutch have been in a constant battle of survival against the fickle forces of water.

The global trading ports and fertile farmlands that flourish at the confluence of the North Sea and Europe's largest river delta have assured much of the Netherlands' traditional prosperity.

But as the name implies, vast tracts of the Netherlands lie below sea level, and more than half the country would be submerged if not for its vast network of maritime, man-built defenses.

When the monumental dam that bridges the eight-kilometer (five-mile) stretch of water between Schouwen and Noord Beveland at the mouth of the Eastern Scheldt inlet was completed in 1986, the Dutch believed that their war against the sea had finally been won.

The \$5 billion Delta Project, launched after

the worst flood disaster in Dutch history resulted in the deaths of more than 1,800 people in 1953, was celebrated as one of the world's greatest engineering marvels. It managed to protect the population with storm surge barriers, yet preserve the estuary's valuable fishing industry by permitting tidal flows.

But now, two successive years of devastating "floods of the century" have triggered alarm bells that the Dutch people must start mobilizing for a fresh campaign to salvage the future of their lands. According to the country's leading flood specialists, new disasters loom because several threats are coming to a head.

The Dutch lowlands that emerged from marshes at the end of the last Ice Age 10,000 years ago are sinking at the rate of 25 centimeters (10 inches) a century. Meanwhile, sea levels are rising, a phenomenon attributed by some scientists to global warming that causes the polar ice caps to melt.

Henk Saegs, the country's chief director of water management at the time of the Delta Project, says that even if the greenhouse ef-

fect is stabilized, the North Sea will rise 77 centimeters in the next 50 years.

More ominously, experts fear that excessive cultivation of farmland and too much industrial and residential development near major European waterways, such as the Rhine and the Scheldt, have dramatically raised the flood threat from those rivers. In February, more than a quarter of a million people were forced to flee their homes when the Rhine's tributaries, the Waal and the Meuse, burst their banks and nearly overwhelmed the inland dike system.

Some lessons from the latest inundations are becoming clear. As forests are depleted and farmers try to extract ever bigger harvests, much of the land's natural absorbency is being lost. As humans seek waterfront views in villas or apartments along the Rhine, the need for ever-larger evacuations is growing during the seasonal floods. And no matter what the Dutch do, their future protection depends more than ever on cooperation from neighbors in Belgium, Germany and France who live upriver.

Mr. Saegs and other specialists who have

been asked to examine the underlying causes of Europe's great floods of the last two years have reached some early conclusions that portend serious political controversy, one that is likely to cause a drain on the national treasury no matter how it is resolved.

Even before winter's muddy mess was cleaned up and the claims started pouring in for billions of dollars' worth of flood damage, a momentous clash was brewing. On one side are the developers and a large number of waterfront residents who want to curtail their investment risks, and on the other, the powerful Dutch lobby group of environmentalists and fishermen who argue that humanity must embrace the need for conservation measures.

"It is important to reinforce the dikes, but the only lasting solution is to give the rivers more room," Mr. Saegs said in an interview. That judgment could mean severe dislocation for many of the Netherlands' 18 million citizens, two-thirds of whom live below sea level and thus face a continuing danger from floods. It is a prospect that not only presents a nightmare for the population, but also for the government.

Prime Minister Wim Kok is bracing for the biggest challenge of his political career as he tries to find a compromise that will satisfy the rival forces: a desire by communities for flood protection at any cost and a yearning to preserve the maritime cultures that have ensured the nation's main livelihood.

"The Netherlands has a long history and a great reputation when it comes to protecting itself from the sea," Mr. Kok declared to Parliament at the height of the February floods.

"Now that the dangers of the river appear to be bigger than anyone could have imagined, we'll have to show what we're worth."

For inspiration as well as know-how, the Dutch government is looking back at the successful Delta Project to determine how the same kind of ingenuity can be applied in the quest to tame the rivers.

As masters of hydraulic engineering, the Dutch remain peerless. Their exploits in pushing back the sea have prompted a deluge of solicitations for advice from fellow flood sufferers — from Bangladesh to China, from Venice to the Mississippi lowlands.

## 103 Journalists Killed in 1994

Reuters

PARIS — A media rights watchdog group said in a report to be released Wednesday that at least 103 journalists had been killed in 1994, which it called "a terrible year in the history of journalism."

Almost half the slain journalists — 48 — were Rwandans, representing half that country's press corps.

The Paris-based Reporters Without Borders said in its annual report that most of the United Nations' 185 member nations — censor, jail, torture or even kill journalists — with impunity. Only 50 UN member states respected press freedom, it said.

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## Beethoven Scores at the Center of Polish-German Cultural Dispute

By Jane Perlez  
New York Times Service

**K**RAKOW, Poland — Hundreds of original manuscripts that include symphonies by Beethoven in his helter-skelter scrawl and operas by Mozart in his neat penmanship are the subject of one of the most politically charged cultural-heritage cases in Europe.

The extraordinary collection of 400 scores, which some musicologists say is the single most valuable batch of music

manuscripts, was once the centerpiece of the Prussian State Library in Berlin. In addition to original works by many of the great composers from the 12th to the 19th centuries — Haydn, Schubert, Schumann, Brahms and Bruckner as well as Bach, Beethoven and Mozart — the collection includes precious volumes of 300-year-old natural history paintings, writings by Goethe and thousands of books and manuscripts dating from the Middle Ages.

Since the end of World War II, the Berlin collection, as it is generally known, has been in the Jagiellonian Library in

Krakow, mostly shrouded in Cold War secrecy and off limits, until 15 years ago, to scholars.

Now, Germany wants the collection back, and high-level negotiations, which broke off two years ago between the German and Polish governments, are resuming in Berlin.

The case of the Berlin collection is one of the most unusual in the tangled web of cultural-heritage claims since the war. Unlike paintings now in Russia that were taken from Germany by the Soviet Army or art stolen from France by the Nazis, the

manuscripts were not looted from Berlin by the Poles.

Indeed, the music manuscripts and other books are in Poland because of a German desire to find a safe haven for some of their most magnificent treasures. The manuscripts, which include Mozart's "Così fan tutte," Mendelssohn's "Midsummer Night's Dream," Brahms's "Song of Triumph" and Beethoven's Eighth and Ninth symphonies, were packed into crates by the Nazis when the British began to bomb Berlin in 1941 and trucked to a monastery in Grussau, near Breslau (now

Wrocław) in southern Silesia, which was then part of Germany. The treasures were stored in a church.

At the end of the war, with the hiding place redrawn into Poland, the authorities moved the hundreds of boxes out of the organ-lofts of the church to the Jagiellonian Library. The Communists declared the collection to be state property and ordered the librarians to keep silent. The existence of the manuscripts was generally confirmed in 1977 when the Poles presented six of the most spectacular pieces — including Beethoven's Ninth and Mozart's "Zauber-

flöte" — to Erich Honecker, the Communist leader of East Germany.

But the gifts were only the tip of the collection. Many Poles, who are still resentful about the willful destruction by Nazi troops of Poland's art treasures and two-thirds of its national book and manuscript collection, want to keep the Berlin collection as reparations for damage done.

Beyond that, the Poles make note of a growing sentiment in international cultural circles: that a shared heritage of mankind is more important than any national heritage.

## LONDON THEATER



Miriam Margulies in "The Killing of Sister George," above, and Corin Redgrave in "Casement."

## 'Sister George': Strange Coziness

By Sheridan Morley  
International Herald Tribune

**L**ONDON — Now in its first major revival since the first London production of 30 years ago, Frank Marcus's "The Killing of Sister George" (Ambassadors) comes back to us in a curiously softened form. This was one of the last plays to fall foul of the censorship of the then-Lord Chamberlain, because of its staging of a lesbian marriage, but the play is really about an altogether different obsession, that of the English for their soap operas.

The "Sister" of the title is a bicycling district nurse in a daily radio series; in real life she's an actress called June Buckridge, suddenly faced with her character's imminent demise on the air and worse still, the loss of her childlike female lover to a predatory BBC executive, the very one who has ordered her professional death.

Marcus was writing a wonderfully savage indictment of BBC double standards that got mistaken for a lesbian breakthrough. The present revival is oddly unwilling to focus on the undoubted sadomasochism of the original. When Beryl Reid and Eileen Atkins played the two lovers there was nothing gentle or cozy about their alliance; somehow with Miriam Margulies and Serena Evans, a certain coziness has overtaken what was once more dark and sinister, and the result is still hugely enjoyable but a lot less threatening in its study of professional neurosis and private heartbreak.

Margulies is rampant in the Margaret Rutherford vein, shaking not just her chin but her whole self at us in some vast body protest against a world that has somehow doubled her size and halved her earning prospects. But Josephine Tewson as Mrs. Mercy Croft lacks the icy bearing of Ambrosine Phillips in the first staging or Coral Browne in the film. "George" is not quite herself.

At the Riverside, the Redgrave season that got off to such an appalling start with "The Liberation of Skopje" begins to retrieve itself with Alex Ferguson's "Casement," a worthy if somewhat mid-afternoon radio account of the Irish patriot Roger Casement, who was hanged as a

traitor, but more specifically a gay, during World War I.

Ferguson's episodic, sketchy chronicle is hugely dignified by Corin Redgrave who is increasingly impressive in the title role and indeed his own current career. It also makes some intriguing political points about the reason Casement's homosexual diaries were made public at the time of his arrest, so that there would be no public sympathy for what was otherwise a good defense. Redgrave co-directs with Gillian Hambleton, and while it would have served "Casement" better to have a stronger supporting cast and an outside producer, this is still a useful if sometimes leaden historical drama.

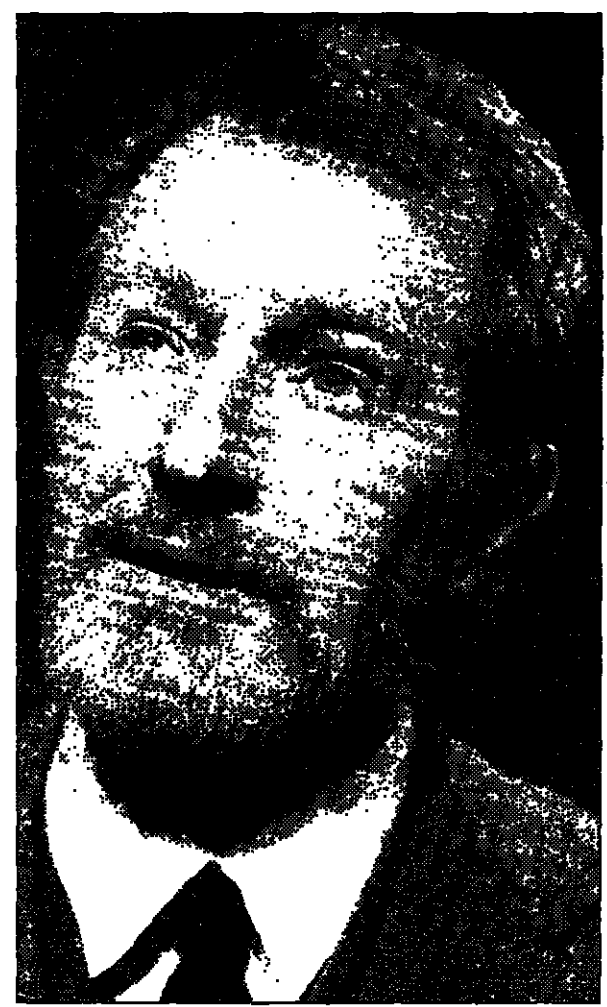
The essential problem with it is that we are told a lot about why Casement had to die, but very much less about what made him live: brief, uneasy flashbacks to his time in the Congo suggest that he formed an early anti-imperialism that made it natural for him to try to form a rebel army that would side with Germany, but nothing in the play really clarifies his admittedly muddled thinking.

In truth, he was a patriot who could never quite work out which nation to be patriotic about: Ireland, Germany or even the England to which he also owed familial loyalty.

But none of that excuses Asquith's determination to have him hanged at all costs, and Ferguson's play never quite allows us close enough to Casement. A heroic play is difficult enough to pull off, especially when you haven't quite created a hero.

Rona Munro's "The Maiden Stone" comes to the Hampstead proudly bearing the subtitle "Peggy Ramsay Play 1995" to indicate that her executors have financed its production to the extent of £50,000 (\$80,000). The only problem here is that, in my limited experience of her, Ramsay was a hugely astute and theatrically aware agent who would have hurled this script across the office once she realized it came complete with a glossary of prehistoric Scots dialect and a lot of unfathomable characters rolling around in mud.

Ramsay knew a good play when she saw one, but she also knew enough not to want to



plunge us back into the dead world of John and Margaret d'Arcy and the very worst agenda-drama of the late 1960s, when to have a cause was reckoned a suitable substitute for plot or entertainment. The setting is the northeast of Scotland in the early 19th century, where we find an English actress with starving children and a demoted husband unfathomably convinced that packed houses and theatrical acclaim await them just around the next crag. We also get a mad old bat called

Bidie, who doubles up as midwife, witch and campfire bore.

Then we get assorted mad infants, the devil disguised as a wandering soldier, and at any moment I was hoping for the entire cast of "Cold Comfort Farm." But no such luck, just an interminable three hours of abiding doom and gloom among the winter hills. To be a traveling player in abject poverty and a Scots winter almost 200 years ago must have been just awful, but at least they didn't have to do plays like this.

## Music Theater From the Holocaust

By David Stevens  
International Herald Tribune

**P**ARIS — Terezin, or Theresienstadt, north of Prague, was a Habsburg garrison town that became a Nazi concentration camp, partly a way station to Auschwitz, and partly a place where artistic activities were tolerated or encouraged as a means of coming to the international community.

Musical performance was at first clandestine, then open, and one of the musicians in the camp was Viktor Ullmann, then in his mid-40s, a former pupil of Arnold Schoenberg and an established composer and conductor in Prague when the war began. In the camp, he served as the music critic, but he also composed a remarkable amount, including a string quartet, three of his seven piano sonatas and an opera, "Der Kaiser von Atlantis."

The hourlong and necessarily small-scale opera tells of Atlantis, emperor of the corrupt state of Atlantis, whose efforts to foment war and pestilence are foiled because Death refuses to participate. Not until the emperor agrees to be the first victim does Death agree to go back to work. How such a transparent allegory ever got to the rehearsal stage under Nazi eyes in 1944 is amazing.

The shipments to Auschwitz, which included Ullmann and his wife, did not stop, and the opera was not performed then. But Ullmann left his compositions and writings with a friend and they survived, surfacing in England long after the war. The opera had its premiere in Amsterdam 20 years ago and is now having its first French performances.

The work is for five singers and a 13-piece orchestra, including banjo and saxophone, and its musical climate is somewhere between the acerbity of Schoenberg's chamber orchestra music and Kurt

Weill's jaunty cabaret manner. The score's numerous citations include references to "Deutschland über alles" and Luther's "A Mighty Fortress."

In performances in the dry acoustics of the Pompidou Center's concert space, Paul Méfano conducted the combined forces of his Ensemble 2e 2m and the Ensemble Voxnova in a conscientious but uneven realization. The baritone Pascal Sausy as Overall was the vocal pillar of the cast.

Serge Noyelle's staging and designs made clever use of a field of metal rods to suggest a maze-like environment from which no one is likely to escape. The emperor was costumed as a military man, but without suggestions of any particular personality, while the figure of Death might have been a fugitive from a particularly extravagant transvestite cabaret act.

Performances in the Paris area are May 8 at Champigny and May 12 at Châtillon.

## 'Tommy' Takes to German Stage

By Brandon Mitchener  
International Herald Tribune

**O**FFENBACH, Germany — There is a scene at the start of "Tommy" in which

Nazi soldiers shoot down a plane in which the unborn child's father is flying over wartime Germany. Chilling enough anywhere, the scene is macabre when it is played out with the sound of air raid sirens and machine gun fire beneath the main dome of a former synagogue.

Although "Tommy" is not a story about war, both the setting and timing of the hit Broadway musical's European debut coinciding with the 50th anniversary of the end of World War II in Europe — add to the power of its message of redemption, rebirth and reconciliation.

Unique among the new musicals hitting German stages, "Tommy" combines the stunning visual effects of modern multimedia productions with its original English lyrics and a sophisticated rock-and-roll score, including such songs as "Pinball Wizard."

At a preview last week, author Pete Townshend, co-founder of The Who, and director Des McAnuff, whose abstract, dreamy sets helped the 1993 Broadway production win numerous awards, called the Offenbach theater a "secular temple" that helps convey the story's spiritual message.

The production reunites McAnuff with Wayne Cilento, the original Broadway choreographer, who won a Tony Award for his work, as well as Michael Cerveris, the Grammy-winning original Tommy from Broadway. It is the first time "Tommy" has been performed in Europe since The Who sang the original rock opera here in the 1970s.

Taking advantage of a deeper stage than the musical has ever been performed upon before, the Offenbach "Tommy" rocks to visual and technical effects designed to both amuse and amaze: fog, flashbulbs, giant slides, a

pinball machine that gyrates like a bucking bronco and an ever-present magic mirror that symbolizes Tommy's inner exile.

From the initial boom of music that jolts many an audience

*"We can all pour our souls into that vessel."*

member from his seat to the moving final chorus of "Listening to You" that brings them to their feet, "Tommy" entertains with dizzying, dazzling Anglo-American intensity.

Inspired by the writings of the Indian guru Meher Baba and German psychologists, as well as the psychedelic experimentation and fan idolization of the 1960s, "Tommy" is a story that echoes the experiences of that generation but has lost none of its ability to inspire.

"It's about a small child, but also about something huge, something that changed the world," Townshend mused last week. "We can all pour our souls into that empty vessel."

It tells the story of a young boy who draws himself into an emotional and spiritual shell at the age of 4 after witnessing his father shoot his mother's lover. His plaintive cry, "See me, feel me, touch me, heal me," goes unheard for the next 15 years as he is sexually abused by a drunk uncle, passed from one clinic to another and subjected to ridicule as the "deaf, dumb and blind boy" of the neighborhood.

Introduced to a pinball machine as a lark, Tommy unexpectedly becomes a master of the silver ball and an improbable cult hero.

Fame then becomes a new form of withdrawal until a third shock sets Tommy free to seek reconciliation with his family, a return from "therapy and disasters" that Townshend said he did not personally experience

until a much later age.

Cerveris delivers an impressive performance, one that is demanding both physically and artistically, as the guardian angel and teenage Tommy. So do supporting members of the cast, who were drawn from the United States, England and Germany. (Perhaps a reflection of a highly diverse audience, the scantily clad Gypsy queen got almost as much applause as the star.)

Other new musicals hitting stages in Germany: "Starlight Express," "Miss Saigon," "Les Misérables" and "Sunset Boulevard" to name a few — will doubtless cater to a public that has long been starved for popular stage musical entertainment, but the

story and setting of "Tommy" arguably offer more.

For those who care to look, the Offenbach theater tells a story of its own. Faded graffiti on the stark stone walls outside bear witness to a dark tale of subjection that included use as a meeting place for Hitler Youth conventions. A plaque outside commemorates its conversion to cultural use as a municipal theater "after the reassertion of decency and order." The synagogue's latest incarnation both restores much of its former dignity by liberating a dozen Doric columns and gives it new life and meaning as a subliminal participant in the simple story of "Tommy," of suffering, redemption and reconciliation.

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*Handwritten signature: J. P. L. 10.10.20*



# INDIA



Booming Bombay, India's commercial capital: With a stable rupee and foreign-exchange reserves of over \$21 billion, India's economy — spurred on by liberalization reforms — is attracting investors.

## TELECOM SECTOR OFFERS EXCELLENT INVESTOR POTENTIAL

Only one out of every 100 Indians has a telephone, and the network outside major cities is spread very thin.

By the end of 1994, India had a network of around 19,300 telephone exchanges with a capacity of about 10.5 million lines and 9 million working connections.

In the 10-month period ending January 1995, the country's department of telecommunications added about 915,000 connections.

or 34 percent more than it had done in the same period the previous year. But this is still inadequate, and the public sector alone cannot cope with the fast-growing demand.

**Major input needed**  
The country also needs to improve the quality of its ex-

isting telecom services, to expand facilities like conferencing and data transfer, and to introduce new technologies like cellular telephones and paging services.

Telecom Commission chairman R.K. Takkar says that by March 1997 telephones will be supplied on demand. He also anticipates

that there will be one public communications office (PCO) for every 100 urban households and a PCO for every village in the country. To reach that target, however, a 230 billion rupee investment is needed, which the government does not have. There is no option but to privatize. Eight projects

have been awarded licenses to operate cellular services: Hutchison Max (Hutchison Whampoa, Hong Kong) and BPL System (France Telecom) in Bombay; Bharti Cellular (with General Mobile U.K. and SFR France as partners) and Sterling Cellular (Cellular Communications International of the United States) in New Delhi; Skycell Communications (Bell South of the United States) and Mobile Telecom Services (Vodafone U.K.) in Madras; and Usha Martin (Telekom Malaysia) and Indian Telecom (Telstra Australia) in Calcutta.

In May 1994, the government announced its National Telecom Policy, which opens up basic telephone services to the private sector — both foreign and Indian. In September last year, the government announced entry guidelines for basic services, including the norm of one private operator each in 18 circles (telecom districts) covering the entire country. The government has also proposed the creation of a Telecom Regulatory Authority.

**Investors flocking in**  
The response has been overwhelming. As many as 74 companies have purchased tender documents for basic services in the 20 areas proposed to be privatized.

A tender for cellular services throughout the country (excluding the four major metropolitan areas, which have already been awarded

to private groups) has drawn a response from 75 firms.

The potential for business is big, and global players have positioned themselves to profit from it. AT&T has joined Tata Telecom in a project to make transmission equipment and has an agreement with Tata Industries to make switching systems.

Philips will be marketing pagers in India, and Motorola will market pagers and modems. Ericsson has invested in switches and optical-fiber production facilities. Fujitsu is another new player in the switching equipment market.

**Significant share**  
Some of the players will have an edge. Siemens Ltd., the main Indian subsidiary of Siemens AG of Germany, has offices all over the country, and expects to win a significant share of the switching equipment business.

Siemens has local manufacturing facilities for the entire range of telecom equipment and services, from switching and transmission equipment and fiber-optic cables and accessories to PABXs, cordless phones and software.

Siemens' managing director, Konrad Pernstich, anticipates a 9 billion rupee market in mobile phones in five years. In this area, Siemens has a strategic alliance with Motorola and hopes to gain a significant share of the market. Motorola plans to invest \$130 million to \$150 million in its Indian operations.

## LIBERALIZATION POLICY BEARS FRUIT

Leaders are voicing a consensus on economic reform.

In 1991, when P.V. Narasimha Rao, India's prime minister, first proposed that the country adopt economic reforms, few people believed he would succeed.

The reforms Mr. Rao supported have gained momentum, however, and India's economy, which was in deep crisis in 1991, is booming. India's foreign exchange reserves, which were barely a billion dollars, have passed the \$21 billion mark, and the Indian rupee is stable.

The government is now more worried about the inflationary impact of capital inflows than about how to pay for imports, which had been a problem for decades. Exports are booming, and Indian industry is producing better-quality products at a lower cost thanks to liberalization.

In the fiscal year ending March 1995, exports were nearly 40 percent higher in dollar terms than they were in fiscal year 1992.

Foreign direct investments have shot up as well. In 1994, foreign investments valued at 89.57 billion rupees (\$2.85 billion) were approved, not bad for a country that in the past had not encouraged foreign investments. Just over 5,000 foreign collaboration agreements, adding up to a total worth of 252.57 billion rupees, were approved between 1991 and 1994.

### Cash and technology

Some markets in the country are growing by 15 percent, 20 percent and even 30 percent a year. And they are attracting a growing number of investors, including General Electric in a host of businesses; Acer, Apple, Compaq, DEC, Dell, Hewlett-Packard, IBM, Microsoft and Sun Microsystems in computers; AT&T, Alcatel, Ericsson, Fujitsu and Motorola in telecoms; Coca-Cola, PepsiCo, Grandmet, Kellogg, McDonald's and Unilever in foods; Electrolux, Hitachi, Matsushita, Philips, Sanyo, Sony, Thomson, Toshiba and Whirlpool in white goods and consumer electronics; and Daewoo, Daimler-Benz, Fiat, Ford, General Motors, Hyundai, Mitsubishi, Peugeot, Rover, Suzuki, Toyota, Volkswagen and Volvo in the automotive sector. These groups are bringing in new technology as well as funds.

Groups like the Swiss-Swedish Asea Brown Boveri (ABB) and Siemens of Germany are planning large investments in India. ABB alone plans to invest

\$1 billion in India in the next five years.

Yet inflation is still causing concern. Last year, India's inflation rate reached 11 percent after having dropped to 6 percent in the previous year. Unlike in Latin America, such a rate is politically unacceptable in India. So it came as no surprise that the new 1.7 trillion rupee (\$55 billion) budget announced by Finance Minister Manmohan Singh on March 16 gives top priority to fighting inflation.

The government has made wide-ranging cuts in import tariffs on products ranging from computers and machine tools to metals and petrochemical feedstocks. Some rates are down to between 10 percent and 15 percent. This will help Indian producers reduce costs and improve quality, and force companies to become more competitive.

The reduction in tax rates and the tightening of tax collection have improved revenues, and industrial expansion (with a growth rate of nearly 10 percent last year) has added to government coffers. The remarkable economic turnaround has also weakened the case of those who oppose reforms in general. The result is a near-consensus across the political spectrum on the need for reform.

For the past four years, international investors wondered whether the reforms would endure. Given the slim majority the Congress Party had at the federal level, along with growing opposition, many feared that if the ruling party lost, reforms would end.

The doubters have been proven wrong. Although the Congress Party lost state legislatures in recent elections, new leaders are voicing their own commitment to reform, and the states are all vying with each other to attract business.

### Investors bullish

No wonder, then, that institutional investors are bullish. India has been rated among the most promising emerging markets, ahead of Mexico, Pakistan, China and Sri Lanka. While share prices on the Bombay Stock Exchange are depressed, company results for the fiscal year that ended on March 31, 1995 and for the next fiscal year are expected to be very good.

A World Bank study predicts that India will be the fourth-largest economy in the world in the year 2020, behind China, the United States and Japan.

## AUTO SECTOR SHIFTING INTO HIGH GEAR

Foreign investors are flocking to carve a niche in India's burgeoning car market.

India's automotive industry is about to enter the fast track, with nearly a dozen global automotive players planning large investments in this sector.

The largest U.S., European and Asian players have all made plans to launch car, truck and two-wheeler models in India, and some of them are looking at India as a production base for global sales. All the projects are joint ventures with Indian groups.

Among the most high-profile of these new ventures is the one between Daimler-Benz and the Tata group's Telco, India's biggest truck maker, which has diversified into cars with in-house technology. Some 20,000 economy models of Mercedes-Benz cars for the Asian and Indian markets are to be produced.

The cars are expected to roll out of the Indian factory

being built next to Telco's existing plant in Pune, near Bombay, later this year.

Daewoo and India's DCM group will jointly produce the Korean group's Cielo in India. The response to the initial promotional efforts has been so good that Daewoo has already decided to augment capacity. General Motors' German unit, Opel, will be making its popular Astra model in a joint venture with Hindustan Motors, and Peugeot its 309 model at a plant to be built in collaboration with Premier Automobiles Ltd. in Bombay.

### U.S. carmakers

Last October, the industry was given a surprise when off-road vehicles maker Mahindra & Mahindra, which has been making a version of the Jeep in India for the past few decades, decided to join up with Ford Motor Company to make the

U.S. carmaker's autos in India.

BMW — through its British subsidiary, Rover — will produce cars at the Sipani Automobile plant in Bangalore in south India, and Volkswagen has joined with tractor and light truck maker Eicher to make its small cars in the country.

Other foreign groups that are planning to enter or expand in India include Volvo, Hyundai, Honda, Piaggio and Fiat. With the market growing at between 20 percent and 35 percent for different categories of vehicles, no one is worried about excess capacity.

Japanese carmakers have been curiously left behind in this auto investment surge, except for Suzuki Motors, which makes over 70 percent of the cars in India.

In the fiscal year ending in March 1995, around 260,000 cars were sold in

India, over 21 percent more than in the previous year. Over 200,000 light, medium and heavy commercial vehicles were sold in the same period, more than 35 percent more than the previous year.

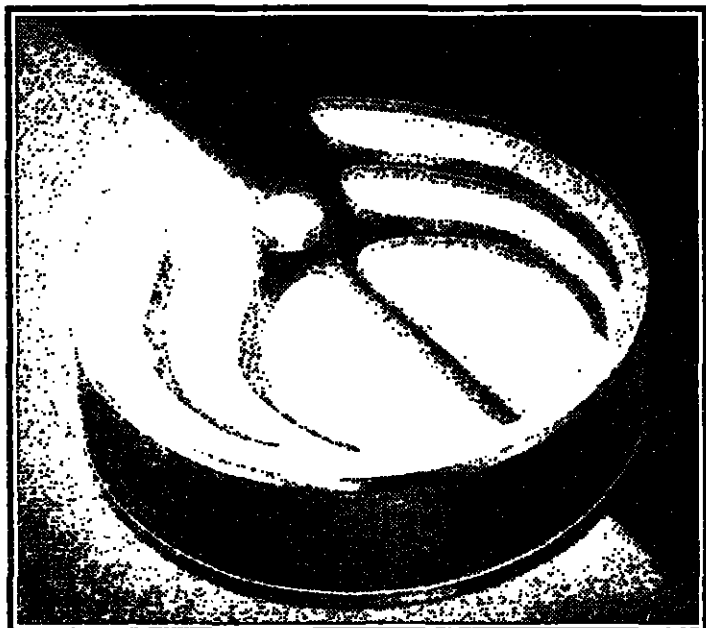
### New tax laws beneficial

This year, new tax regulations will provide some relief to the automotive industry. The import duty on engines and engine components for completely knocked-down imports has been reduced from 65 percent to 25 percent, and the effective countervailing duty from 20 percent to 15 percent.

The budget has also reduced the customs tariff on components that are interchangeable with motor vehicle parts to 25 percent. The tariff on the import of cold-rolled steel coils has been cut from 50 percent to 40 percent.

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## REAL ESTATE PRICES SPIRALING UPWARD

The gap between supply and demand has now become a chasm.

Housing is one of the basic needs of the Indian population that decades of socialist policies failed to satisfy. Faulty policies of the past constricted the supply of housing units in rapidly growing cities, and demand is far outdistancing supply. Although data on housing in India are hard to compile because of the lack of information on housing starts and completions, conservative estimates put the shortage of residential units at over 35 million, more than the entire housing stock of many developed countries.

### Acute housing shortage

The gap is expected to grow to 50 million by the turn of the century. Given the acute shortage of houses, property prices are spiraling upward in fast-growing cities like New Delhi and Bangalore.

But the city where the problem is felt most is Bombay, the country's commercial capital and the preferred location for many companies, especially financial sector groups, to set up their corporate headquarters.

The government's liberalization program is attracting a growing number of overseas companies to India, and they have added significantly to the demand for better-class office and residential property, thus pushing prices

higher. Indian groups have also been expanding operations in Bombay, although they are shifting out of the pricey southern part of the city and moving their offices closer to the city center.

### Prices skyrocketed

Real estate prices in Bombay skyrocketed when the Indian government allowed nonresident Indians and foreign companies to buy immovable property, and subsequent property speculation has fueled the rise.

In western Bandra, in the central part of the metropolis, residential apartment prices have risen from 1,500 rupees to 3,000 rupees (\$45-\$90) per square foot in 1990 to 8,000-11,000 rupees per square foot this year.

Commercial property rates there have shot up from 2,000-3,500 rupees in 1990 to 4,000-15,000 rupees.

The costliest residential building in India's commercial capital has opened at Nariman Point, next to the Arabian Sea in south Bombay.

The going rate for the 88 flats in the 22-story building is reported to be 30,000 rupees (\$950) per square foot.

### Relief possible

Some relief may be around the corner. The country's big business groups are entering



An expanding market has led to modern office buildings dominating the Bombay skyline.

the real estate sector, something they had difficulty doing during pre-reform days.

Many of these companies have also been increasingly inconvenienced by the shortage of residential accommodation in places like Bombay, which often becomes a hindrance when they try to attract good managerial and technical talent. Owning their own apartments helps.

Now many top groups — including Tatas, Godrej, Essar, Mahindras, Videocon and Great Eastern — are going beyond providing hous-

es to their own employees and are looking at real estate as a highly profitable business proposition.

No end in sight  
Real estate agents say property prices will continue to rise steeply over the next few years.

One way the government can inhibit the upward spiral is to release the large tracts of land owned by Bombay's textile mills, many of which are closed because of the financial constraints of operating in the expensive city.

## HEALTHIER OUTLOOK FOR BANKING

Greater independence for banks has resulted in stronger balance sheets.

In 1991, when the recently elected government in New Delhi decided to reform the Indian economy, it determined that dismantling licensing and other controls on manufacturing would not be enough; the Indian financial sector had to be revamped if manufacturing were to grow.

The Indian banking system, once characterized by very rigid controls, is more independent today, and balance sheets are in much better shape than they were four years ago.

Three years after the beginning of economic reform, most of the difficult work of deregulating the Indian banking system has been completed. Banks have been recapitalized to meet minimum BIS standards. Their accounting policies are more transparent, and prudential norms on income recognition and provisioning are enforced. Asset quality has also improved.

Competition has intensified. It has become easier for foreign banks to begin or expand operations (23 foreign

will mutual fund and other activities. Housing financing is another area that should grow rapidly, given India's shortage of some 35 million houses, a figure that could rise to 50 million by 2000.

Given the new business opportunities, D. Basu, chairman of the State Bank of India, the country's largest commercial bank, is confident about the future: "I'm not worried about disintermediation reducing the size of our loan book," he says. "We're finding new credit needs coming up which will bring us good business. Infrastructure projects, for example."

Mr. Basu also expects "the middle market" to grow rapidly. He says the SBI has had strong relations with many mid-sized companies, which are now growing fast and will stick with the SBI, he believes. One of SBI's major strengths is its 8,700-plus branch network, the biggest in the world.

Streamlining  
One problem remains: Public-sector banks are over-staffed and must be streamlined. India's banks directly employ about one million people, of whom about 300,000 work for the SBI

and its subsidiaries. But, given rapid economic growth, banks will gain time to adjust, and most of them can grow out of their problems.

Another bank that should do well is the Industrial Development Bank of India, the 10th-largest development financial institution in the world. With its large corporate clientele and the leading role it is expected to play in the financing of large projects, the IDBI should have plenty of business opportunities. As its chairman and managing director, S.H. Khan, explains, the IDBI has been actively expanding and diversifying in areas such as merchant banking, equipment leasing, venture capital and corporate advisory services. The IDBI will also probably be the Indian bank in the best position to raise funds at low rates.

Major changes are expected when the larger banks begin to offer shares to the public. The IDBI issue expected later this year should be among the most attractive of these.

At least three other public-sector banks, including the Bank of Baroda, Canara Bank and Punjab National Bank, are expected to list their shares on the stock ex-

change. That should help double Indian banks' share in total market capitalization, currently a little under 5 percent, half of it accounted for by the SBI.

The Punjab National Bank, for example, was allowed by the finance ministry to write off over 4.25 billion rupees after it merged with the loss-making New Bank of India. And, after the bank raises equity from the market, which, according to its chairman Rashid Jilani, will be sometime after July this year, the picture will look a lot better.

The government nationalized the biggest banks in the country beginning in 1969 with the aim of making credit available to fund-starved agriculture and small industry. Branch networks expanded, savings grew, new entrepreneurs were encouraged and more capital was available for agriculture.

Yet banks were compelled to provide loans for political purposes, and interest rates were controlled, resulting in bad debts and poor profitability. Change was imperative. The restructuring is already showing results. Only three of the public-sector banks are expected to show losses in fiscal year 1995.



D. Basu, chairman, State Bank of India.

banks are now operating in the country, and more are in line to enter the sector). New private Indian banks are being allowed: over two dozen applications have been processed, and seven have begun operations. Branch licensing has been liberalized, and the closure or shifting of branches in major metropolitan areas has been made easier.

Banks believe that while greater competition will mean some difficulty for the inefficient and weak institutions, the sharp economic upturn will improve opportunities for profitable lending and non-fund business. The country's GDP is expected to grow by 6 percent and industrial output by 10 percent or more by 2000. Deregulation is also giving banks more freedom to expand into high-growth areas like consumer financing. There is good news here — demand for automobiles and white goods, for example, constrained earlier by heavy taxation and lack of competition, has picked up as a result of reduced taxes and greater choice.

Merchant banking will grow, bankers say, and so



Many believe, India is just people and more people. As a matter of fact, they're right. There's a 250 million middle class, with five world purchasing power. In effect, the world's largest and fastest growing consumer market. That will leave aside a large, highly trained and adaptable labour force. Available at competitive prices. And we haven't even mentioned some of the finest professionals in practically every discipline. Also entrepreneurs. What else? How about a booming capital market with thousands of listed companies and a thriving manufacturing sector. Legal and banking systems with English as business language. And beneath the soaring 7.5% inflation, a stable democracy and a committed bank. Export-Import Bank of India. With you. Every step of the way.

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## INDIA

### BANK FACILITATING INDUSTRY GROWTH

The Export-Import Bank of India is offering advisory services as well as financing.

Indian industry as a whole was slow-moving for decades, the result of excessive government protection and growth-inhibiting controls. Liberalization has changed that.

Indian companies are now looking at prospects beyond India's shores. With the rupee, the country's currency, now trading at a more realistic exchange rate, manufacturers are finding that they are more competitive than they had ever been before. And the slashing of import tariffs and the near-elimination of non-tariff barriers on imports, especially intermediates and capital goods, has helped industry slash costs and improve quality.

To succeed, however, exporters need financing to be able to market and distribute their goods in the intensely competitive global markets. The Export-Import Bank of India (Exim Bank) is helping to provide the needed funds.

Tarjani Vakil, chairman and managing director of the Exim Bank, believes there is considerable scope for Indian exports to grow. She also thinks that Indian business groups can benefit from the creation of subsidiaries overseas, which will help boost Indian products abroad.

"The economic environment in India has never been better in its 47-year history since independence," says Ms. Vakil. "The changes sparked by the liberalization program have been breath-

taking. Today, overseas companies can invest freely in India in almost any sector. Approval procedures have been streamlined. A wide choice and range of sectors is open to majority ownership. The government has abolished the restrictive licensing system that governed capacity, production, location and pricing. Government approval for Indian subsidiaries overseas has become nearly automatic."

India has a large and growing middle class that constitutes a market bigger than that of most developed countries. Ms. Vakil points out, and India also boasts a large pool of skilled and English-speaking technical and managerial people, a developed private sector, a well-developed financial infrastructure and internationally accepted accounting and legal practices. India has become a good place to locate global production bases, and international players have found that it makes sense to use India as a research and development base.

How does the Exim Bank help? "The process of glob-

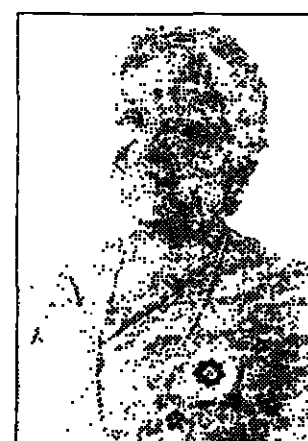
alization is facilitated by Exim Bank, which recognizes the need for business information and advisory services as well as finance," says Ms. Vakil. "Our endeavor is directed at making available cost-effective options for financing and innovative solutions to emerging requirements of investment and international trade through constant environmental scanning and close links with international agencies. The core of Exim Bank strategy is the development of global competitiveness for Indian companies."

Ties with Europe  
In the last quarter of 1994, the bank opened two export service centers in Budapest and Rome, which are expected to facilitate two-way technology and trade flows between India and Europe. The bank also has an arrangement with the European Commission to promote and co-finance European joint ventures in India.

"Our experience in respect to 15 companies considered so far is heartening. And we are open to similar tie-ups

with other countries," Ms. Vakil says. The bank also finances Indian equity investment overseas and has assisted many firms in setting up overseas production bases as well as international marketing networks.

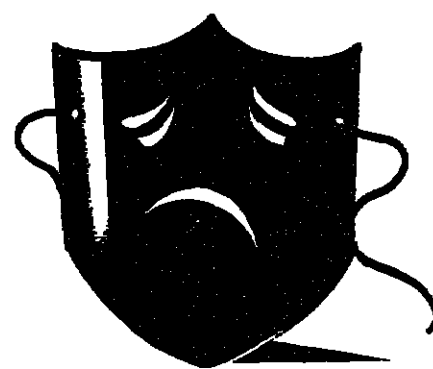
Major investors  
Ms. Vakil lists companies already operating in India: "General Motors sources its entire requirement of radiator caps from Sundaram Fasteners, located in Madras. General Electric, one of the biggest investors in India, has identified medical equipment and plastics for manufacture in India. Suzuki, Daewoo and Daimler-Benz are shifting, for starters, the manufacturing of certain models of automobiles to India. Reebok will be manufacturing top-of-the-line sports shoes in India; Eli Lilly and Ranbaxy will be formulating drugs and pharmaceuticals; IBM has identified the Tatas as a partner to source computer software; Cargill is actively engaged in research and production of corn and other agricultural seeds; Claudia of Italy has teamed up with Eicher for sourcing ladies' fashion footwear; and Marzotto is sourcing men's suits from India. Valeo of France is looking at clutch systems for automobiles from an Indian firm. Clutch Auto, and Hyundai and DCM are involved in marine containers, while BMW and Hero Cycles are looking at motorcycles."



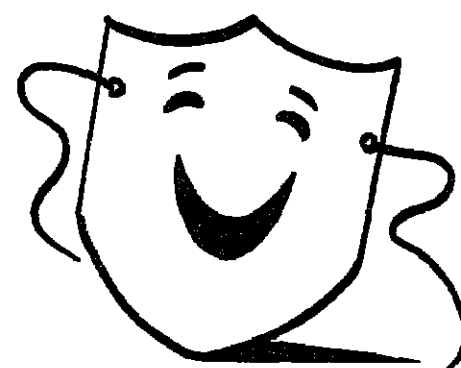
Ms. Tarjani Vakil, chairman, Export-Import Bank of India.

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PARIS, THURSDAY, MAY 3, 1945

# Germany's War Machine Collapses; All in Italy Surrender, Redoubt Gone; Hitler Believed Dead as Berlin Falls

## Voice Given To Smaller Countries

Norway, Belgium, South  
Africa and Venezuela  
On Parley Commissions

## Molotov Yielding To U.S. and Britain

Russian Foreign Chief  
Soon to Return Home

By the Associated Press  
SAN FRANCISCO, May 2.—The United Nations conference delegates have approved without change the assignment of representatives of small nations to head major commissions to draft world peace.

The steering and executive committees approved the following delegations: Security Commission: Norway; Commission on Principles and Purposes: Belgium; Commission on General Assembly: South Africa; and Commission on War: Venezuela.

Vladimir G. Molotov, the Russian Foreign Minister, has made peace with the American and British opponents at the conference and is preparing to leave for Moscow, with the conference completely organized and ready to do real work.

Molotov yields to Eden. After a week of debate, it was learned today, Mr. Molotov bowed gracefully to an invitation by Anthony Eden, who engineered the formula for the steering and executive committees to be headed by Secretary of State Edward R. Stettin Jr.

At their last meeting, Mr. Molotov is reported to have said with a smile, "You see, I do as you wish."

The Russian has not given up a point on which another defeat was suffered—an invitation to the Polish provisional government—and is expected to raise the issue at every opportunity.

Russia to Remain. Mr. Molotov has made it plain, however, that while he urgently wants Poland represented there is no Soviet threat to quit the conference over the problem of Poland.

Mr. Molotov is expected to leave by this week end and be followed soon by Mr. Eden and Georges Bidault.

But there is full confidence among the delegates that, with modern communications, the world constitution will be completed successfully.

## Hannegan Is Appointed As Postmaster General

From the Herald Tribune Bureau  
WASHINGTON, May 2.—Frank C. Walker resigned today as Postmaster General. Robert E. Hannegan, chairman of the Democratic National Committee, was appointed by President Truman to succeed him, effective July 1.

President Truman also named Justice Robert H. Jackson of the Supreme Court as chief American counsel in preparation of charges and prosecution of Axis war criminals.

He also appointed David L. Glavin as director of the Tennessee Valley Authority for another year, despite the opposition of Senator Kenneth McKellar, Democrat of Tennessee.

## Notice to Readers

Outside of the official American Army newspaper, "The Stars and Stripes," no newspaper in Paris yesterday morning published the news of Hitler's reported death. There were no other papers published in Paris yesterday morning.

The Herald Tribune, with some other Paris papers, was prepared to publish an extra edition for this major news development in five years of the war. The printing trade unions, however, stuck rigidly to their agreement with the Paris publishers' association that no Paris papers should be published on the May Day holiday except in the case of a German capitulation. Already censored severely and restricted by paper shortage, the French press is further prevented from publishing news by arbitrary agreements by unions and publishers and the Ministry of Information as to what constitutes news.

## 900,000 Nazis Lay Down Arms In Surrender of North Italy

Unconditional Capitulation Also Includes Western Austria, Area of National Redoubt; Truman Says 'Only Folly' Can Delay Peace

The German armies in Northern Italy and Western Austria surrendered unconditionally yesterday. About 900,000 Nazi soldiers, including combat and rear echelon troops, according to Field Marshal Sir Harold Alexander, laid down their arms under terms of the surrender.

The capitulation, first by German armies in this war, became effective at 2 p.m. Paris time. Allied armies can now advance unhindered to within ten miles of Berchtesgaden.

President Truman, announcing the collapse of German resistance in North Italy at an unscheduled news conference in Washington, said:

"Only folly and chaos can now delay the general capitulation of the everywhere defeated German armies."

The documents drawing up terms of the surrender were signed Sunday at the Royal Palace at Caserta, near Naples. It was reported by the Associated Press, after secret negotiations lasting several days.

Signatories were: Lieutenant General W. D. Morgan, representing Field Marshal Alexander, as Allied Mediterranean Supreme Commander; and two German officers representing Colonel General Heinrich von Vietinghoff, commander of the German forces in North Italy, and General Carl Wolf, chief of police and security in North Italy and Western Austria.

Terms of the pact:

1.—Unconditional surrender by the German commander-in-chief in the southwest of all forces under his command or control on land, sea or air to the Supreme Allied Commander in the Mediterranean Theater.

2.—Cessation of all hostilities on land and sea or in the air by 12 o'clock noon (Paris time), May 2, 1945.

3.—Immediate immobilization and disarmament of enemy ground, sea and air forces.

4.—Obligation on the part of the German commander-in-chief in the southwest to carry out any further orders issued by the Allied Supreme Commander in the M.T.O.

5.—Disobedience of orders or failure to carry out orders shall be considered a crime.

(Continued on page 3, col. 3.)

## Bidault Ranges France on Side Of Big Powers

Will Not Lead Bloc of Small  
Nations, But Insists Upon  
Retaining Soviet Pact

By Marcus Duffield  
Special to the European Edition  
SAN FRANCISCO, May 2.—The United Nations conference in the United States was opened today by the French Foreign Minister, Georges Bidault, when he addressed the sixth plenary session.

He said that France would not become a leader and spokesman of the lesser nations in seeking changes in the Dumbarton Oaks plan, but would range itself firmly beside the great powers. "I am not," he said, "a man of the Yalta arrangement."

Mr. Bidault said France would hold a veto over punitive action by the council.

He said that France did not like the idea, which was decided upon in its absence, of what was called the veto of the great powers.

He said that France was certainly not in keeping with the legal ideal which, we do not despair, will some day be established by common accord between the peoples. "Nevertheless," he said, "for the moment we shall raise no objection."

Security Demand. France will insist, however, that the security organization permit the continuance of its military alliance, such as the one with Russia, and the conclusion of more such treaties. He compared such alliances with the "treaty of Versailles."

He said that France would not accept the dismantling of one rampart on the pretense that it weakened the other two.

Alliances and collective security he asserted, regulating particular, but necessary to complement each other. As for national sovereignty, he declared, "we are ready to agree to it in principle, but we are not ready to agree to it in practice."

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## President Thinks Nazi Chief Dead

Doenitz Takes Over, and  
Ousts Von Ribbentrop  
As Foreign Minister

## Skepticism Shown In Allied Capitals

New Fuhrer Calls for  
Fight on 'Bolsheviks'

The death of Adolf Hitler in embattled Berlin, which was announced yesterday, has caused any opinion on whether Hitler was alive, said bluntly that in any case he had not met a heroic soldier's fate. The statement also took cognizance of the fact that Hitler had not been seen by the Allied Supreme Commander in the M.T.O.

A statement by General Dwight D. Eisenhower, while not expressing any opinion on whether Hitler was alive, said bluntly that in any case he had not met a heroic soldier's fate. The statement also took cognizance of the fact that Hitler had not been seen by the Allied Supreme Commander in the M.T.O.

President Truman was asked at a press conference if he had any comment on the execution of Benito Mussolini and the German surrender. He replied that he had no comment.

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## Nazi Capital Surrenders To Russians

Stalin Reveals Capture  
Of 'Center of German  
Imperialism' by Siege

## Biggest City to Fall In Military History

70,000 Taken Prisoner,  
More Counted Hourly

Berlin, the world's fourth largest metropolis, fell to the Soviet Army at 2 1/2 p.m. yesterday (Moscow time) as it was announced last night by Premier Stalin in his third order of the day.

The city, heart of Hitler's distorted dream of a 1,000-year Reich, was conquered by more than 1,000 Red troops in less than two weeks, a humiliated brief siege. It was the largest city ever taken in modern history.

In his order, Premier Stalin called Berlin the "center of German imperialism and heart of German aggression. The German radio did not immediately acknowledge that the capital of the Reich had capitulated.

Defenders Lay Down Arms. The Berlin garrison defending the town, headed by the chief of Berlin's defense artillery, General Weiser, laid down their arms today.

1500 hours ceased resistance, laid down their arms and surrendered. From Stalin said, the figures indicated that more than 70,000 prisoners had been taken in the surrender, with some 100,000 more being counted hourly.

Associated Press pointed out that the Soviet announcement, for the first time, mentioned the capture of Nazi leaders. Neither did it mention Hitler, although the Reds have captured the chancellery in which he died—if the Nazi story of his death is true.

Pockets Are Cleaned Up. Complete occupation of Berlin was announced today by the Russians. In the last hours of the struggle the Russians cleaned up the hold-out pockets in Charlottenburg and Schoeneweide and swept into the city, taking more than 100 square blocks.

Liberty Ship Torpedoed. WASHINGTON, May 3 (A.P.).—The War Shipping Administration announced today that the Liberty ship Danaher, bound for England, was torpedoed off the British Isles a few weeks ago. Twenty-nine men are dead or missing.

Doenitz, Self-Styled Successor To Hitler, Is Expert on U-Boats

Admiral, a Staunch Nazi,  
Developed 'Wolf-Pack'  
Tactics in the Atlantic

Grand Admiral Karl Doenitz, who claims to be successor to Hitler, is Germany's and one of the world's greatest U-boat experts. The 54-year-old admiral, who in 1942 developed the then-unique "wolf-pack" submarine tactics which took a terrible toll of Allied tonnage in the North Atlantic.

Although his convictions and reputations have been completely shattered by the Nazi party, it is expected in Germany, because he is the first officer of the Navy—and the Navy remains the slim string to which some German hopes are fastened—that his control over German armed forces may prolong the final hour of the Third Reich.

Admiral Doenitz has long been one of Hitler's staunchest supporters, though he was not considered by admirers to be of the upper hierarchy of the Nazi party. Because he was only infrequently called upon for public speeches and his name cannot be definitely linked with any present or past Nazi deeds, this Nazi is considered the "fuerher most palatable" to the few civilians and the dwindling army who must keep up the fight.

His spectacular rise to prominence in this war, climaxed two years ago when he succeeded Admiral Raeder, is probably attributable to Hitler's personal belief that submarine warfare could win the war. The Associated Press reports that Doenitz, as head of all armed forces in

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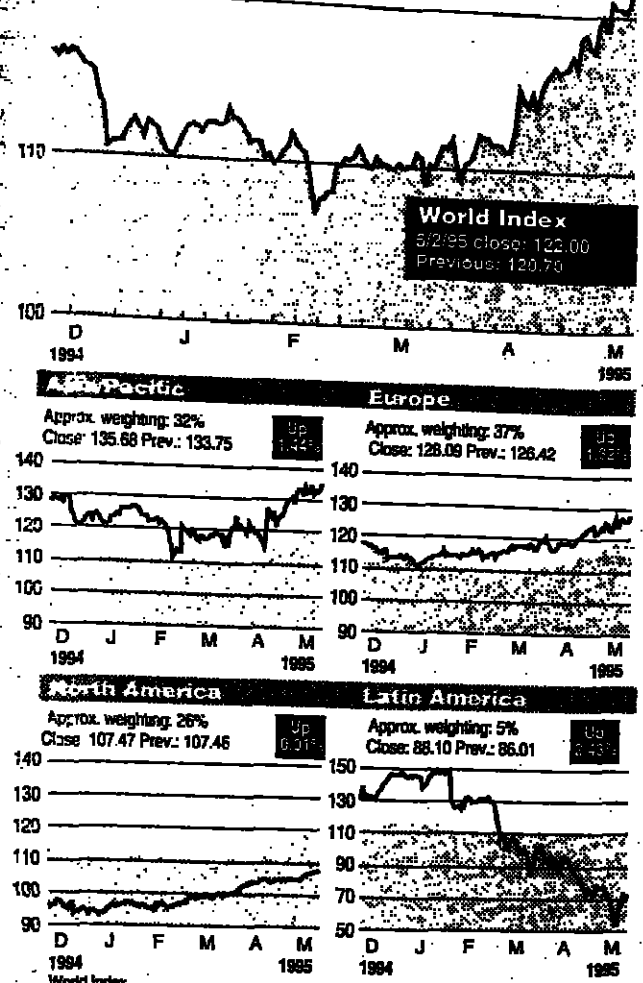
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## THE TRIB INDEX: 122.00

International Herald Tribune World Stock Index, composed of 250 internationally investible stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Index	Time	Prev.	% Change	Index	Time	Prev.	% Change
Energy	126.14	125.18	+0.77	Capital Goods	124.01	123.85	+0.13
Utilities	130.08	128.42	+1.30	Retail	142.07	140.50	+1.12
Finance	123.81	121.23	+2.16	Consumer Goods	115.03	114.38	+0.59
Services	113.31	112.28	+0.92	Miscellaneous	128.58	125.01	+1.26

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92021 Neuilly Cedex, France.

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## BA Flies To New Saatchi

### Advertiser Gets 1-Year Contract

**Compiled by Our Staff From Dispatches**  
**LONDON** — British Airways awarded its advertising account Tuesday for one year to the new agency of Maurice Saatchi, giving Mr. Saatchi a major victory over the company that booted him out as chairman last year.

"We have selected the agency which we feel best meets our business needs, will deliver the creative excellence long associated with our advertising and provide the worldwide presence which is essential for British Airways' business," said the airline's managing director, Robert Ayling.

Shortly after Mr. Saatchi cut ties to Saatchi & Saatchi Group PLC, British Airways put the old Saatchi company on notice that it was canceling its advertising account valued at about £50 million (\$97 million) a year.

British Airways allowed both the new and the old Saatchi agencies to apply for the job, along with two other rivals: the U.S. agency J. Walter Thompson and a London agency, Bartle Bogle & Hegarty, both part of WPP Group PLC.

The British Airways chairman, Sir Colin Marshall, has close ties to Maurice Saatchi, whose advertising team handled the airline's account for years and came up with its slogan "The World's Favorite Airline."

The new Saatchi Agency set up a link with Publicis SA in April to handle global accounts. Other former Saatchi & Saatchi clients who have gone over to the new agency set up by Maurice Saatchi include the British tobacco maker Gallaher Ltd., Mirror Group Newspapers and Dixons Group PLC, an electronics retailer.

(AP, Reuters, Bloomberg)

## Weak Dollar's Downside

By Louis Uchitelle  
New York Times Service

**NEW YORK** — For all the advantage to U.S. exporters the sharp decline of the dollar has brought in recent months, the weak currency is beginning to hurt American companies in their efforts to expand abroad. It also threatens to reverse the gains they have made against foreign competitors in the past decade.

The dollar continued its slide against most other major currencies Tuesday as investors chose the Deutsche mark as a haven amid potential political turmoil in France before presidential elections on Sunday.

The dollar closed in New York at 1.3773 DM, down from 1.3905 DM, at 4.9155 French francs, down from 4.9545 francs and at 1.1350 Swiss francs, down from 1.1462 francs. It edged up to 83.615 yen from 83.430 yen. The pound rose to \$1.6160 from \$1.6155.

U.S. companies looking to raise their presence abroad through acquisitions are finding the price increasingly prohibitive. Consider the Wall Street financier Sanford J. Weill's ill-fated bid for the brokerage arm of Barings PLC, the insolvent British investment house.

Mr. Weill tells how he traveled to London in March to negotiate the acquisition.

only to watch as "the value of our bid fell by 4 percent in a single week." The Dutch concern Internationale Nederlanden Groep NV, bidding in strong guilders, won.

Or consider Stephen R. Hardis, vice chairman of Eaton Corp. of Cleveland, who

**U.S. firms trying to expand abroad are finding the price prohibitive.**

reluctantly canceled an expansion strategy that U.S. multinationals have pursued for years.

Eaton wanted to buy a big German company to manufacture its electrical controls and auto parts. But the falling dollar made such a purchase too costly. "We will have to expand in Germany slowly, through exports," Mr. Hardis said. "That is far less effective than having a local presence."

Closer to home, some voices are warning that the enfeeblement of the dollar might undo much of the cost-cutting that has been the guiding principle of corporate America for more than a decade.

Stephen S. Roach, chief economist at Morgan Stanley & Co., said he thought 1995 could be as much a turning point for U.S. businesses as 1985.

in that year, the resurgent dollar peaked at more than 3 DM and 250 yen, crimping American sales overseas. Finding themselves underpinned by their European and Japanese competitors, U.S. companies stepped up a restructuring binge — cutting costs, shifting production abroad and holding back wages.

Now, the situation may be reversing itself. Mr. Roach warned, as the dollar's battering lulls managers "into a false sense of complacency that allows them to take their eye off the ball" in the global competition for market share.

"Under the protective umbrella of a weak dollar, there's the chance that businesses could finally become lax in granting wage increases to increasingly disgruntled and overworked labor forces," Mr. Roach said. "Such a trend would be particularly disconcerting, since so many union contracts are up for renegotiation this year."

The falling dollar has raised that very thought in the mind of Joseph Uehlein, an AFL-CIO official. "It is becoming a very good reason to demand wage increases in contract talks this year, especially in view of the concessions that were granted in the name of making companies more competitive," he said.

With the exception of its surge in the early 1980s, the

## SBC in Talks With Warburg About Alliance

Compiled by Our Staff From Dispatches

**LONDON** — S.G. Warburg Group PLC said Tuesday that Swiss Bank Corp. had approached it about combining the companies' brokerage businesses but that the Swiss company did not want Warburg's Mercury Asset Management PLC.

Speculation that another company, Smith Barney Inc., might bid on all or part of Warburg pushed the British company's stock up on the London Stock Exchange. Warburg closed at 823 pence (\$13.32), up 54 pence.

Warburg announced the move by Swiss Bank in a terse statement issued after trading ended for the day. It said Swiss Bank was interested only in combining the two companies' investment banking businesses.

The talks under way also would not involve an offer by Swiss Bank to acquire Warburg Group, the statement said.

A Swiss Bank spokesman in London would say only that the two sides were talking. "There are legal constraints to what we can say," he said, "and we have to be very careful."

In a separate statement, Mercury said that it had been kept informed of the discussions be-

tween Warburg and Swiss Bank. Warburg holds 75 percent of Mercury.

Analysts said they were confused about what would be left at Warburg for shareholders if Swiss Bank took the investment banking operations.

"It's quite puzzling what's going on," said Johnny de la Hay of Société Générale Strauss Turnbull Securities. "As we understand it, SBC has no intention of buying the group, so what do Warburg shareholders get?"

Warburg has been the subject of takeover speculation for months, though no firm bidders have emerged since a proposed deal with Morgan Stanley Group Inc. failed in December.

Warburg said then that it was sure to link up with another company eventually because it was small compared with others in the industry and that in the future only five or six firms would be able to say that they were truly global players.

In November, Warburg reported that first-half pretax profits for the year that ended March 31 had declined by 58 percent, to £62.5 million (\$101.0 million), from the first half of the previous year. (AFP, APX, Reuters, AP, Knight-Ridder)

## Court Opts for Full Hearing on Leeson Extradition

By Brandon Mitchener  
International Herald Tribune

**FRANKFURT** — Nicholas Leeson's chances of escaping extradition to Singapore grew slimmer Tuesday when a Frankfurt court ruled with 1,000 pages of evidence against him said it planned to move toward formal hearings. The court's decision had no bearing on the guilt or innocence of the former Bar-

ings PLC futures trader. But Hans-Hermann Eckert, a spokesman for the local prosecutor's office, said it had raised the likelihood of Mr. Leeson's extradition.

Mr. Leeson was arrested here March 2 and has been held since then pending the arrival of a formal extradition request.

Barings and Singapore have accused Mr. Leeson of driving the British bank to the brink of bankruptcy with irresponsible and illegal derivatives deals.

"In my 15 years in this job I've never seen such extensive documentation of an extradition request," Mr. Eckert said. The court will take two to three months to consider the allegations. If it declares they have merit, the case will go to Bonn for a final, political decision, he said.

The Frankfurt court decided to formalize Mr. Leeson's detention on the basis of the original charge against him, that of document forgery, which is pun-

ishable by German law and therefore grounds for extradition in itself.

Forgery carries a maximum sentence of seven years in Singapore, compared with 10 years in Germany.

The documentation that Singapore authorities delivered to the Foreign Ministry in Bonn last week, six volumes in all, detailed a further 11 charges against Mr. Leeson, including fraud but also others that Mr. Eckert said might not be punishable under German law.

## MEDIA MARKETS

### O'Reilly: A Pyrrhic Victory?

By Erik Ipsen  
International Herald Tribune

**LONDON** — Tony O'Reilly, the flamboyant chief executive of America's H.J. Heinz Co. and the richest man in Ireland, has reached a goal that has eluded him for most of the decade. After trying for more than three years, the company he controls has at last gained seats on the board of a national British newspaper.

The problem, say analysts, is that more than a year after he first tried to win control of the publisher of The Independent and The Independent on Sunday, those newspapers are in worse shape than ever.

In February, 1994, Mr. O'Reilly's company, Independent Newspapers PLC, paid top price in the open market, snapping up 24.9 percent of the shares of Newspaper Publishing PLC, the owner of the two British titles. His efforts to expand upon that foothold or win seats on the board were resisted by Mirror Group PLC and other Newspaper Publishing shareholders.

Now he has succeeded, but with The Independent suffering from a newspaper price war on the one hand and soaring newspaper prices on the other. Analysts expect Newspaper Publishing to lose £10 million this year, and many forecast another loss next year.

"From a pure profit-and-loss point of view, it just does not add up," said Eamon Hughes, a media analyst with Rada Stockbrokers in Dublin.

Mr. O'Reilly's company and its former rival, Mirror Group, expanded their stakes in Newspaper Publishing to 43 percent each by taking over shares held by Italian and Spanish interests.

The two companies reportedly paid little for the shares, aside from taking up debt guarantees made by La Repubblica International Holding SA and agreeing to pay a bonus in three years if Newspaper Publishing makes a profit.

Beyond that, Independent must pay £9 million as part of a £20 million refinancing of Newspaper Publishing.

"Newspaper Publishing needed a fresh infusion of cash, and the Mirror Group was unwilling to come up with the whole lot themselves," a Dublin analyst said.

Analysts generally agree that the British publisher fits in with Mr. O'Reilly's desire to make the Irish company into an international publishing powerhouse.

It already owns a lucrative 25 percent of Australia's leading regional newspaper group, Australian Provincial Newspapers. Last month, Independent Newspapers expanded its holding in Argus, publisher of the largest paper in South Africa, to 58 percent from the 31 percent stake it took last year.

Mr. O'Reilly sits on the board of the Washington Post Co., which is co-owner of the International Herald Tribune. He declined to be interviewed.

For investors, the question is: What does Mr. O'Reilly bring to the British market, other than cash that many say could be better used elsewhere? Asked what the Irish group would contribute to Newspaper Publishing, David Montgomery, chairman of the Mirror Group, said simply, "They are experienced newspaper operators, and they have a chairman with a considerable international reputation."

Mr. Montgomery, however, whose group

See NEWSPAPERS, Page 17

## Swissair Set To Conclude Sabena Pact

Compiled by Our Staff From Dispatches

**ZURICH** — Swissair said Tuesday it would sign an agreement Thursday that is expected to give the Swiss company about a 49 percent stake in the Belgian airline Sabena.

Swissair, Sabena and Belgium's Transportation Ministry have called a news conference for Thursday in Brussels to elaborate on their plans.

But Air France said talks on the disposal of its stake in Sabena were incomplete, despite the announcement of the impending signing.

"Discussions between Air France and the Belgian government are independent of the Sabena-Swissair agreement," a spokesman said. "For us, signature of the deal between the Belgian company and the Swiss company is good news. It means we are now working on a real withdrawal from Sabena."

Air France controls 37.5 percent of Sabena's capital. The Belgian government holds the remaining 62.5 percent of the loss-plagued airline. Swissair is seeking a stake in Sabena to give it entry to the European Union airline market.

(AFP, AFX, Reuters, Bloomberg, AP)

## OUR PHILOSOPHY OF BANKING GOES BACK 4,000 YEARS.



It was the ancient traders who first established many of today's banking practices. They accepted funds for safekeeping. Bartered goods for services. And extended credit. It was a business based on trust, and a handshake contract was binding.

The world has changed immeasurably since then, but Republic National Bank

still holds to the principles established nearly four millennia ago. We believe in the primacy of personal relationships, the importance of trust and the protection of depositors' funds. This emphasis has made us one of the world's leading private banks.

We're part of a global group with more than US\$5 billion in capital and more

than US\$50 billion in assets. These assets continue to grow substantially, a testament to the group's strong balance sheet, risk-averse orientation and century-old heritage.

Though cuneiform tablets have given way to modern computers, the timeless qualities of safety, service and personal integrity will always be at the heart of our bank.



**Republic National Bank**  
A Safra Bank

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# CURRENCY & INTEREST RATES

Cross Rates										Eurocurrency Deposits							Key Money Rates										
	\$	£	D.M.	F.F.	Yen	Sw.	S.F.	Yen	Sw.		Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU		Discount rate	Prime rate	Federal funds	3-month CD	6-month CD	9-month CD	1-year CD	1-year T-bill	30-year T-bill
Australia	1.508	0.645	1.199	1.395	1.036	1.611	1.611	1.036	1.611	1 month	5 1/4%	4 3/4%	3 3/4%	3 1/2%	3 1/4%	3 1/4%	3 1/4%	5 1/4%	5 1/4%	5 3/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%
Canada	0.714	0.375	0.714	0.714	0.714	0.714	0.714	0.714	0.714	3 months	5 1/2%	4 5/8%	3 5/8%	3 3/8%	3 1/8%	3 1/8%	3 1/8%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	
France	6.559	3.363	6.559	6.559	6.559	6.559	6.559	6.559	6.559	6 months	5 3/4%	5 1/8%	4 1/8%	3 5/8%	3 3/8%	3 3/8%	3 3/8%	5 3/4%	5 3/4%	5 3/4%	5 3/4%	5 3/4%	5 3/4%	5 3/4%	5 3/4%	5 3/4%	
Germany	1.636	0.833	1.636	1.636	1.636	1.636	1.636	1.636	1.636	1 year	6 1/4%	5 3/8%	4 3/8%	4 1/8%	3 5/8%	3 5/8%	3 5/8%	6 1/4%	6 1/4%	6 1/4%	6 1/4%	6 1/4%	6 1/4%	6 1/4%	6 1/4%	6 1/4%	
Italy	1.366	0.700	1.366	1.366	1.366	1.366	1.366	1.366	1.366																		
Japan	103.6	53.7	103.6	103.6	103.6	103.6	103.6	103.6	103.6																		
Spain	166.6	86.2	166.6	166.6	166.6	166.6	166.6	166.6	166.6																		
Switzerland	1.475	0.760	1.475	1.475	1.475	1.475	1.475	1.475	1.475																		
Taiwan	20.3	10.5	20.3	20.3	20.3	20.3	20.3	20.3	20.3																		
UK	0.645	0.335	0.645	0.645	0.645	0.645	0.645	0.645	0.645																		
US	1.000	0.521	1.000	1.000	1.000	1.000	1.000	1.000	1.000																		

Sources: Reuters, Lloyds Bank.  
Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

	Discount rate	Prime rate	Federal funds	3-month CD	6-month CD	9-month CD	1-year CD	1-year T-bill	30-year T-bill
US	5 1/4%	5 3/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%
UK	5 1/4%	5 3/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%
Germany	5 1/4%	5 3/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%
France	5 1/4%	5 3/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%
Japan	5 1/4%	5 3/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%	5 1/4%

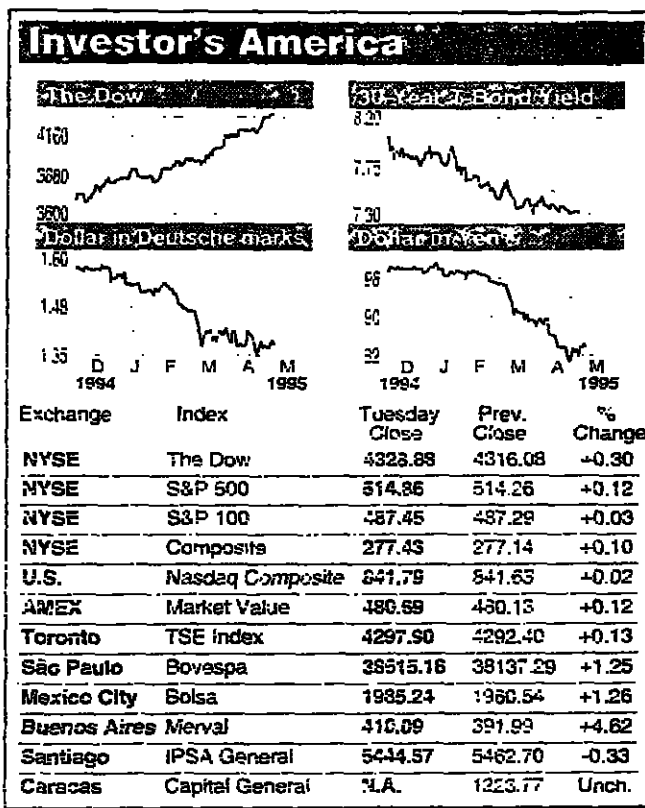
Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo, Commerzbank, Credit Lyonnais.

	30-day	60-day	90-day	120-day	150-day	180-day	210-day	240-day	360-day
US	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
UK	0.645	0.645	0.645	0.645	0.645	0.645	0.645	0.645	0.645
Germany	1.636	1.636	1.636	1.636	1.636	1.636	1.636	1.636	1.636
France	6.559	6.559	6.559	6.559	6.559	6.559	6.559	6.559	6.559
Japan	103.6	103.6	103.6	103.6	103.6	103.6	103.6	103.6	103.6

Sources: ING Bank (Amsterdam), Interbank Bank (Brussels), Banca Commerciale Italiana (Milan), Alibi, Agence France-Press (Paris), Bank of Tokyo (Tokyo), Royal Bank of Canada (Toronto), IMF (Washington), Other data from Bloomberg, Reuters and AP.



## THE AMERICAS



## Very briefly:

## Pepsi Profit Lifted by Restaurants

**PURCHASE, New York (Combined Dispatches)** — PepsiCo Inc. said Tuesday that strong international results and solid performance in its restaurant division helped its net profit rise 28 percent in the first quarter.

The company earned a net \$321.1 million in the quarter, up from \$250.8 million a year earlier, when the bottom line was affected by a one-time charge of \$32 million for an accounting change.

Sales rose to \$6.2 billion from \$5.7 billion. Overall restaurant operating profit gained 14 percent, to \$142.3 million. Profit from beverages rose 19 percent, to \$211 million, and the snack-food division saw operating profit rise 12 percent, to \$302.7 million. (A.F.X. Bloomberg)

• **Yacimientos Petroliferos Fiscales SA**, the Argentine oil company, said its first-quarter earnings rose to 177 million pesos (\$17 million) from 74 million pesos a year earlier as the company benefited from higher oil prices.

• **Chrysler Corp.**, General Motors Corp. and Ford Motor Co. shares were lower after most U.S. automakers reported that their sales fell in April from a year earlier despite hopes that warm weather, stable interest rates and fattened incentives would bring buyers back to showrooms.

• **Placer Dome Inc.** of Canada allowed its bid of 12.50 Canadian dollar (\$9.26) a share for International Nickel Exploration Ltd. to expire, paving the way for North Ltd. of Australia, which bid 14.99 dollars, to buy the metals concern. (Knight-Ridder, N.Y.T., Bloomberg)

## U.S. Regulators to Back Murdoch

By Edmund L. Andrews  
New York Times Service

**WASHINGTON** — Federal regulators have decided against forcing Rupert Murdoch to restructure his company to comply with foreign ownership rules, a major victory for the media baron in what has been one of the most serious legal threats to his empire.

At least three of the five commissioners on the Federal Communications Commission have rejected a staff recommendation that News Corp., Mr. Murdoch's Australia-based conglomerate, be forced to reduce its ownership stake in eight television stations that form the nucleus of the Fox television network.

They have also rejected allegations by industry opponents of Mr. Murdoch that he intentionally misled the government in 1985, even though several senior regulators have publicly said they did not realize that

News Corp. would own virtually all the equity in the television stations.

Instead, the commission is expected to conclude that Mr. Murdoch probably did not violate the foreign ownership rules but should probably receive a waiver.

[Federal regulators cleared the way Tuesday for Mr. Murdoch to buy two television stations from New World Communications, The Associated Press reported from Washington.]

[The Federal Trade Commission found no antitrust concerns involved with Fox's acquisition of WBRC in Birmingham, Alabama, and WGHP in Greensboro, North Carolina.]

[The communications commission must still approve the purchase.]

Using a provision of the law that allows the government to waive its requirement if there is a compelling "public interest," the commission is expected to suggest that Mr. Murdoch's broadcasting activities in the United States have been beneficial because

they led to the formation of a fourth national network that competes with ABC, NBC and CBS.

A final decision is expected to be announced Thursday, and the commissioners are still negotiating among themselves over the fine print, according to people involved. Defenders of Mr. Murdoch, led by Commissioner James H. Quello, want the agency to give News Corp. an immediate waiver.

But the commission's chairman, Reed E. Hundt, wants the agency to put off a final decision and ask for public comment on giving Mr. Murdoch the waiver.

Either way, News Corp. would almost certainly escape any serious punishment, and the pending decision is clearly a defeat for opponents of Mr. Murdoch.

Had the company been forced to restructure itself, its executives said, it would have been liable for a huge capital-gains tax and might have been unable to tap the generous stream of profits generated by the television stations.

## Intel Cuts Chip Prices, Apple Reports Delays

Compiled by Our Staff From Dispatches

**SANTA CLARA, California** — Intel Corp. slashed prices of its pentium chips Tuesday, aiming to bring the cost of computers using fast versions of the processors below \$2,000, while Apple Computer Inc. delayed introduction of competing PowerPC units at that price.

Intel cut the price of its midrange 90-megahertz Pentium to \$377 from \$346. It cut prices on other Pentium models between 8.7 percent and 29 percent, reducing its top-end 120-megahertz Pentium 21 percent, to \$734.

Intel said the price cuts were intended to make the Pentium the top-selling micro-

processor in personal computers, ahead of its aging 80486 chip.

"We think 1995 clearly is the year that the Pentium becomes the mainstream processor for PCs," said Howard High, an Intel spokesman.

Apple, meanwhile, said it might not be able to get its entry-level Power Macintosh machines to stores until the fall or later as it copes with component shortages.

Joseph Graziano, Apple's chief financial officer, said his company had been having trouble getting enough PowerPC microprocessors for the new computer, which will be priced below \$2,000.

But he said the new computers would be available to consumers "by the Christmas

season." Despite the delay, he said Apple was "in a good competitive position versus the Pentium."

Intel's price cuts were seen primarily as a slap at competitors such as Cyrix Corp. and Advanced Micro Devices Inc., which depend on clones of the older 486 chip for most of their revenue.

Intel is preparing its next-generation chip, code-named P6, for volume production by the end of this year, Mr. High added. By that time, the company said it expected computer makers to be selling PCs equipped with 100-megahertz Pentiums for less than \$2,000. (Bloomberg, AFX)

## Strong Profits Lift Stocks to Record

Compiled by Our Staff From Dispatches

**NEW YORK** — Stocks closed at an all-time high Tuesday, fueled by gains in the bond market and by stronger-than-expected earnings.

The Dow Jones industrial average closed up 12.80 points, at

## U.S. Stocks

4,328.88. Advancing issues outnumbered decliners by a 11-to-10 ratio on the New York Stock Exchange.

"Earnings continue to outperform people's expectations, and that could be the catalyst" for the stock market rally to continue into the next quarter, said Anthony Conway of BT Global Asset Management.

The stock market also got a boost from strength in the bond market and a retreat in oil prices, which calmed worries that inflation might heat up, traders said.

"Bonds bounced and took stocks up with them," Edward Collins of Daiwa Securities said.

The price of the benchmark 30-year Treasury bond rose 12 3/32 point at 103 24/32, taking the yield to 7.31 percent from 7.34 percent Monday.

PepsiCo, the most active NYSE issue, surprised investors when it reported a large increase in first-quarter profit, leading its stock to jump 1 1/4, at 43 1/2.

Computer Associates International gained 5 1/2, to 68 1/2, after it said its quarterly and full-year results had exceeded expectations.

Long-distance phone companies rose after falling Monday in reaction to a federal judge's ruling that opened up competition in the cellular communications business. AT&T rose 3/4, to 50 1/4.

Oil stocks were mostly lower, led by Chevron, which lost 1/4, to 48 1/4. Mobil, which rose Monday after announcing a cost-cutting plan, lost 1/4, to 98 1/4.

IBM rose 1/4, to 92 1/4. But Microsoft lost 2 1/4, to 79 1/4. Schering-Plough rose 1 1/4, to 75 1/4 after the company said a recently published article reported that one of its drugs helped patients with chronic hepatitis B.

Philip Morris rose 3/4, to 70, after Florida's senate voted to repeal a law aiding the state's lawsuit against the tobacco industry.

Metrologic Instruments fell 6 1/4, to 11 1/4, after the company, which released its first-quarter results, said industry competition and price cuts would present a "significant challenge" to maintain sales growth and gross profit margins in future quarters. Metrologic said it could incur significant legal fees to be charged against future earnings because of a patent lawsuit. (Bloomberg, AP, Reuters, Knight-Ridder)

## DOLLAR: While the Weak Currency Is Lifting U.S. Exports, Businesses Are Cutting Back on Expanding Abroad

Continued from Page 15

ing for decades against the yen and the mark, the world's two other most powerful currencies.

But few anticipated the latest plunge to low levels. The conventional wisdom still holds that a weak dollar can help the U.S. economy by making U.S. goods more affordable internationally, spurring exports.

The dollar's weakness has in-

creased sales abroad for U.S. manufacturers. What's more, the country's big multi-

## Foreign Exchange

nationals have found ways to insulate themselves from currency swings.

Over the past decade, many have set up or expanded operations abroad, and now their new foreign revenues offset the

decline in the dollar. Each 1,000 yen earned by Motorola Inc.'s operations in Japan, for example, was worth \$10 in January and \$12 on Monday.

What is getting less attention are the negatives. For example, as foreign-currency fees to register patents overseas have risen, some companies have cut back by reducing the number of places where they pay for such

protection to keep their products from being illegally copied and sold, said George Gottlieb, a patent attorney. "My clients are pruning their portfolios," he said.

Even people who should be rejoicing at the export opportunities are gloomy. Will-Burt Co. in Orrville, Ohio, a maker of vehicle parts, is too small to set up its own manufacturing

plants overseas. But exports to Europe of its rotating lights for emergency vehicles are booming because of the low dollar.

Will-Burt also is getting more orders from Caterpillar Inc. because the U.S. heavy-equipment maker's overseas sales are rising as it takes customers away from its big Japanese rival, Komatsu Construction Co. Yet far from exulting, the

president of Will-Burt, Harry E. Featherstone, is nervous. "Exports are rising, but that won't last," he said. "I've been in manufacturing 45 years, and I have finally learned that when the dollar falls, something goes wrong. This opportunity for more exports is going to turn out to be temporary, even if the dollar stays down."

## WORLD STOCK MARKETS

## Wednesday, May 2

Prices in local currencies.  
Tel Aviv

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## Frankfurt

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## EUROPE

Canada-Led Group  
Makes Top Bid for  
New U.K. Channel

**Compiled by Our Staff From Dispatches**

LONDON — Four groups of companies, led by Virgin Group, Pearson PLC, CanWest Global Communications Corp. and British Sky Broadcasting Ltd., filed bids Wednesday to operate Britain's fifth television channel. The bids ranged from £36.3 million (\$58 million) by the CanWest group to £2 million from the BSkyB group.

The contenders registered their bids with the Independent Television Commission, which regulates broadcasting and will choose the winner in November. The license will run for 10 years. The group making the highest bid comprises CanWest Global Communications of Canada, Scandinavian Broadcasting System SA, Network 10 of Australia, and Select TV PLC, an independent British program producer.

Virgin, which is bidding with Paramount Television, Philips NV, HTV Group PLC, Associated Newspapers Holdings Ltd. and Electra Investment Trust PLC, offered £22 million.

The Pearson group, which includes MAI Group PLC and Cie. Luxembourgaise de Télédiffusion, or C.L.T., also offered £22 million.

## Christmas Sales Help Sky

BSkyB's third-quarter pre-tax profit almost doubled as revenue surged after a strong rise in subscriptions before Christmas, news agencies reported.

The satellite broadcaster, which sold 20 percent of its shares in London and New York in December, said pre-tax profit rose to £49 million (\$78 million) in the three months ended March 31 from £24.9 million a year earlier.

Sales jumped to £208 million from £143.4 million.

(Bloomberg, Reuters, AFP)

Earnings Surging in U.K.  
But Investor Gloom Holds Market Down

By Richard W. Stevenson  
New York Times Service

LONDON — Just before the Federal Reserve reversed course and set American interest rates on an upward path 15 months ago, the London stock market hit a record high. With Britain and the United States at similar stages in the economic cycle, it was not surprising that shares in London, as on Wall Street, then went into a swoon.

Wall Street has since recovered, with the stock market in the last few months surging repeatedly to new highs. But London, though perkier than a year ago, remains well below its highs, afflicted by a variety of worries.

Among the market's most immediate concerns are the likelihood of a drubbing for the governing Conservative Party in local elections Thursday and an increase by the Bank of England in official interest rates by half a point, to 7.25 percent, Friday. The inflation outlook has not been helped by a sharp decline in the pound against the Deutsche mark.

In the longer term, investors in British stocks remain unconvinced that the government will be able to keep inflation in check, especially with the Conservatives under intense political pressure to reduce taxes and keep interest rates as low as possible in advance of the next general election, which must be held within two years. Still, analysts expect interest rates to keep rising through next year.

On Tuesday, the Financial Times-Stock Exchange index of 100 leading shares closed at 3,248.20, 7.7 percent below its high in

February 1994 of 3,520.3 but 13 percent above its low last year of 2,876.6.

The rest of Britain's economic fundamentals have been nearly ignored by the market. Last year's growth of 3.9 percent is expected to ease to about 3 percent this year and next as higher interest rates act as a brake. The budget deficit and unemployment both continue to decline, and Britain has nearly wiped out its trade deficit as exports have risen.

With the economy cooking along at its best rate in decades, corporate earnings are surging, seemingly giving investors plenty of reason to buy stocks. But the great question facing the London market is whether investors will put aside their other concerns to bet on continued strong industrial performance, giving the market a chance to rally.

"We're pretty positive on the U.K., and principally on the strength of the corporate sector," said Richard Davidson, a strategist at Morgan Stanley in London. "We're going through a period of excellent cash flow, dividend and earnings growth, but they've been largely ignored by a market caught up in worries about inflation and politics, both of which are overdue at this stage."

Mr. Davidson said British companies were enjoying an average 15 percent profit growth this year, dividend growth of 8 percent and cash flow growth of 10 percent—all on top of strong gains last year, with all solid prospects for the next several years as well.

Moreover, he and other analysts said, next week's likely rate increase and the possibility of even higher rates and increased inflationary pressures are already priced into the market.

Aluminum  
Aids Norsk  
Hydro's Net

Compiled by Our Staff From Dispatches

OSLO — Norsk Hydro AS said Tuesday its first-quarter net income more than doubled, paced by profits in the Norwegian energy company's light-metal and agriculture divisions.

Profit rose to 2.16 billion kroner (\$346.2 million) from a restated 777 million kroner in the first quarter of 1994, reflecting new accounting procedures. Revenue rose to 21.26 billion kroner from 17.14 billion kroner, helped by rising prices for crude oil, petrochemicals and metals, particularly aluminum.

Norsk Hydro shares rose 14.50 kroner, to 268.

"We are very pleased with the first-quarter result," the chief financial officer and executive vice president, Leiv Nergaard, said. "It surpasses our expectations, not least in the light-metal area."

The light-metal division posted an operating profit of 1.34 billion kroner, compared with 246 million kroner in the first quarter last year.

Norsk's operating profit from its oil and gas business rose to 1.02 billion kroner from 814 million kroner, partly on a 5 percent increase in oil prices and higher production.

The company said it did not expect such strong results in subsequent quarters, because the first quarter is usually its strongest. Mr. Nergaard said, moreover, that the first quarter of 1994 was weak in comparison to the full-year result because it only marked the start of the economic upswing.

(Reuters, Knight-Ridder, Bloomberg, AFP)

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2150	3200	2000
2100	3125	1925
2050	3050	1850
2000	2975	1775
1950		
1900		
1850		
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Source: Reuters

## Very briefly:

- **TI Group PLC** said the U.S. government filed a civil complaint against one of the British industrial company's units, alleging it overcharged the U.S. military by \$20 million in a 10-year period.
- **Austria's** seasonally adjusted unemployment rate rose to 4.5 percent in April from 4.4 percent in March and 4.3 percent in April of last year.
- **Wienerberger Baustoffindustrie AG's** 1994 earnings more than doubled, to 1.21 billion Austrian schillings (\$124 million), as the economic recovery increased demand for construction materials.
- **Investor AB** said Peter Sutherland, the former director-general of the General Agreement on Tariffs and Trade, had been nominated to the Swedish conglomerate's board to succeed Jan Carlzon, the former chairman of Scandinavian Airlines System.
- **Internationale Nederlanden Groep NV** said shareholders could choose to receive one new share for every 40 held in place of a 2.00 guilders (\$1.28) final cash dividend.
- **Belgium** wants to sell as much as 41.4 percent of its stake in **Crédit Agricole SA**, a Belgian retail bank that has assets of 139 billion Belgian francs (\$4.9 billion).

AFP, Bloomberg, Reuters

## NEWSPAPERS: Mirror and O'Reilly Together

Continued from Page 15

publishes the mass-market tabloid Mirror newspaper, leaves little doubt as to who will run the show at Newspaper Publishing when Mirror Group and Independent become equal shareholders.

Although Liam Healy, the chief executive of Independent Newspapers, will become the chairman, he said, "The day-to-day operations will be run by Mirror Group just as if we owned 100 percent."

Analysts said this state of affairs has existed for much of the last year as The Independent and its Sunday publication have been in effect merged into the Mirror.

By most accounts, that arrangement has been helpful to Newspaper Publishing's two struggling broadsheets. By moving

ing Newspaper Publishing to cheaper offices alongside those of the Mirror in London's Canary Wharf area and by doubling up on distribution, sales and circulation, Mr. Montgomery has slashed costs by £12 million and reduced Newspaper Publishing's payroll by 250 people.

Mr. Montgomery, who puts the total cost of his company's stake in Newspaper Publishing at £25 million, calls that a "reasonable" price to pay for two national titles.

Lorna Tibbani, an analyst for Parnore Gordon in London, said Mr. O'Reilly's company had paid more for its stake (a total of £30 million) and would gain less from it.

"It makes no sense at all except that he is able to say that

he owns a national newspaper in Britain," she said.

But people close to Independent Newspapers say they see two distinct gains from the stake. First, they predict the British publisher will be profitable again in a year. Second, they argue that ownership of a large slice of a national newspaper gives the company an invaluable boost to its credibility.

Specifically, for instance, they claim that it was the company's part-ownership of the publisher of The Independent that smoothed the way for Independent Newspapers' acquisition of Angus last year.

"The Independent is Nelson Mandela's favorite British newspaper," a source close to the Irish group said.

Body Shop's Shares Drop  
On Poor U.S. Performance

Compiled by Our Staff From Dispatches

LONDON — Body Shop International PLC posted a 13 percent rise in annual profit Tuesday, but its shares dropped after the cosmetics retailer warned that profit would be flat this year and said U.S. sales had slowed.

"We probably haven't been very good at approaching the U.S. customer," T. Gordon Roddick, the company's chairman, said. The company has more than one-fifth of its 1,210 shops in the United States.

Mr. Roddick warned that profit this year would show little change, adding that the company would slow the pace of U.S. store openings and increase spending on marketing.

Body Shop shares fell 23.5 pence, or 13 percent, to 152.5. The company said pre-tax profit in the year ended Feb. 25 rose 13 percent, to £33.5 million (\$53.5 million). Pre-tax profit rose 17 percent after adjusting for a gain from the sale of a subsidiary in 1994.

"Tremendous growth in Asia" helped Body Shop sales rise 16 percent to £500.1 million, Mr. Roddick said. Same-store sales in the latest year rose 3 percent.

Body Shop said sales at U.S. stores that had been open at least a year fell 3 percent.

(Bloomberg, Reuters)

## Benetton Wins Again in German Courts

Compiled by Our Staff From Dispatches

KASSEL, Germany — Benetton Group SpA won in a German court Tuesday for the second time in as many weeks against a retailer who argued that the company's controversial advertising had hurt sales.

A state court in Kassel said the retailer must pay for goods received from the Italian clothing company, rejecting his claim that he should be given the goods as compensation for sales lost because of the ads. Heinz Hartwich, the retailer, was ordered to pay Benetton 921,000 Deutsche marks (\$662,000) plus interest.

"The retailer has not presented sufficient facts to support claims that the decline in sales was directly related to shock advertising," the court said.

Benetton has filed suits against a dozen German retailers who alleged that its advertising was offensive to customers. Benetton has argued that its advertisements were designed to raise awareness about social issues.

Benetton won a ruling in a similar case last week in Brunswick. Both losing defendants have said they planned to appeal the verdicts.

(Reuters, AFP, AFX)

## INTERNATIONAL FUTURES

High	Low	Close	Open	High	Low	Close	Open	High	Low	Close	Open	High	Low	Close	Open
May 2, 1995															
Grains															
CORN (CBOT)															
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## INTERNATIONAL FUNDS

Frequency of quotations supplied: (d) - daily; (w) - weekly; (bi) - bi-monthly; (m) - monthly; (q) - quarterly; (a) - annually; (s) - semi-annually; (y) - yearly.

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (m) - monthly; (q) - quarterly; (y) - annually; (s) - semi-annually; (b) - biennially; (t) - triennially; (o) - other.

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**NASDAQ**

High Low Stock	Div	Yld	PE	100	High Low Last Close
A					
17	12	1.12	10.0	100	100.00
18	12	1.12	10.0	100	100.00
19	12	1.12	10.0	100	100.00
20	12	1.12	10.0	100	100.00
21	12	1.12	10.0	100	100.00
22	12	1.12	10.0	100	100.00
23	12	1.12	10.0	100	100.00
24	12	1.12	10.0	100	100.00
25	12	1.12	10.0	100	100.00
26	12	1.12	10.0	100	100.00
27	12	1.12	10.0	100	100.00
28	12	1.12	10.0	100	100.00
29	12	1.12	10.0	100	100.00
30	12	1.12	10.0	100	100.00
31	12	1.12	10.0	100	100.00
32	12	1.12	10.0	100	100.00
33	12	1.12	10.0	100	100.00
34	12	1.12	10.0	100	100.00
35	12	1.12	10.0	100	100.00
36	12	1.12	10.0	100	100.00
37	12	1.12	10.0	100	100.00
38	12	1.12	10.0	100	100.00
39	12	1.12	10.0	100	100.00
40	12	1.12	10.0	100	100.00
41	12	1.12	10.0	100	100.00
42	12	1.12	10.0	100	100.00
43	12	1.12	10.0	100	100.00
44	12	1.12	10.0	100	100.00
45	12	1.12	10.0	100	100.00
46	12	1.12	10.0	100	100.00
47	12	1.12	10.0	100	100.00
48	12	1.12	10.0	100	100.00
49	12	1.12	10.0	100	100.00
50	12	1.12	10.0	100	100.00
51	12	1.12	10.0	100	100.00
52	12	1.12	10.0	100	100.00
53	12	1.12	10.0	100	100.00
54	12	1.12	10.0	100	100.00
55	12	1.12	10.0	100	100.00
56	12	1.12	10.0	100	100.00
57	12	1.12	10.0	100	100.00
58	12	1.12	10.0	100	100.00
59	12	1.12	10.0	100	100.00
60	12	1.12	10.0	100	100.00
61	12	1.12	10.0	100	100.00
62	12	1.12	10.0	100	100.00
63	12	1.12	10.0	100	100.00
64	12	1.12	10.0	100	100.00
65	12	1.12	10.0	100	100.00
66	12	1.12	10.0	100	100.00
67	12	1.12	10.0	100	100.00
68	12	1.12	10.0	100	100.00
69	12	1.12	10.0	100	100.00
70	12	1.12	10.0	100	100.00
71	12	1.12	10.0	100	100.00
72	12	1.12	10.0	100	100.00
73	12	1.12	10.0	100	100.00
74	12	1.12	10.0	100	100.00
75	12	1.12	10.0	100	100.00
76	12	1.12	10.0	100	100.00
77	12	1.12	10.0	100	100.00
78	12	1.12	10.0	100	100.00
79	12	1.12	10.0		

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High	Low	Month	Div	Vol	PE	52	High	Low	Lowest	Chg
1.14	1.12	1/2				20	1.14	1.12	1.12	0
1.13	1.11	1/2				20	1.13	1.11	1.11	0
1.12	1.10	1/2				20	1.12	1.10	1.10	0
1.11	1.09	1/2				20	1.11	1.09	1.09	0
1.10	1.08	1/2				20	1.10	1.08	1.08	0
1.09	1.07	1/2				20	1.09	1.07	1.07	0
1.08	1.06	1/2				20	1.08	1.06	1.06	0
1.07	1.05	1/2				20	1.07	1.05	1.05	0
1.06	1.04	1/2				20	1.06	1.04	1.04	0
1.05	1.03	1/2				20	1.05	1.03	1.03	0
1.04	1.02	1/2				20	1.04	1.02	1.02	0
1.03	1.01	1/2				20	1.03	1.01	1.01	0
1.02	1.00	1/2				20	1.02	1.00	1.00	0
1.01	0.99	1/2				20	1.01	0.99	0.99	0
1.00	0.98	1/2				20	1.00	0.98	0.98	0
0.99	0.97	1/2				20	0.99	0.97	0.97	0
0.98	0.96	1/2				20	0.98	0.96	0.96	0
0.97	0.95	1/2				20	0.97	0.95	0.95	0
0.96	0.94	1/2				20	0.96	0.94	0.94	0
0.95	0.93	1/2				20	0.95	0.93	0.93	0
0.94	0.92	1/2				20	0.94	0.92	0.92	0
0.93	0.91	1/2				20	0.93	0.91	0.91	0
0.92	0.90	1/2				20	0.92	0.90	0.90	0
0.91	0.89	1/2				20	0.91	0.89	0.89	0
0.90	0.88	1/2				20	0.90	0.88	0.88	0
0.89	0.87	1/2				20	0.89	0.87	0.87	0
0.88	0.86	1/2				20	0.88	0.86	0.86	0
0.87	0.85	1/2				20	0.87	0.85	0.85	0
0.86	0.84	1/2				20	0.86	0.84	0.84	0
0.85	0.83	1/2				20	0.85	0.83	0.83	0
0.84	0.82	1/2				20	0.84	0.82	0.82	0
0.83	0.81	1/2				20	0.83	0.81	0.81	0
0.82	0.80	1/2				20	0.82	0.80	0.80	0
0.81	0.79	1/2				20	0.81	0.79	0.79	0
0.80	0.78	1/2				20	0.80	0.78	0.78	0
0.79	0.77	1/2				20	0.79	0.77	0.77	0
0.78	0.76	1/2				20	0.78	0.76	0.76	0
0.77	0.75	1/2				20	0.77	0.75	0.75	0
0.76	0.74	1/2				20	0.76	0.74	0.74	0
0.75	0.73	1/2				20	0.75	0.73	0.73	0
0.74	0.72	1/2				20	0.74	0.72	0.72	0
0.73	0.71	1/2				20	0.73	0.71	0.71	0
0.72	0.70	1/2				20	0.72	0.70	0.70	0
0.71	0.69	1/2				20	0.71	0.69	0.69	0
0.70	0.68	1/2				20	0.70	0.68	0.68	0
0.69	0.67	1/2				20	0.69	0.67	0.67	0
0.68	0.66	1/2				20	0.68	0.66	0.66	0
0.67	0.65	1/2				20	0.67	0.65	0.65	0
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114-Cyrk		4 9270 114-61814 114-214	
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114-1	114-1	114-1	114-1
114-2	114-2	114-2	114-2
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NAME	AGE	SEX	HT	WT	DOB	POB	EDUC	REL	STATUS	REMARKS
1. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
2. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
3. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
4. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
5. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
6. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
7. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
8. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
9. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
10. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
11. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
12. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
13. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
14. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
15. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
16. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
17. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
18. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
19. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
20. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
21. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
22. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
23. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
24. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
25. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
26. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
27. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
28. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
29. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
30. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
31. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
32. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
33. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
34. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
35. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
36. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
37. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
38. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
39. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
40. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
41. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
42. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
43. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
44. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
45. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
46. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
47. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
48. DAME	24	F	5' 8"	125	1958	USA	HS	W	1	1
49. DAME	24</									

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	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2
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## ASIA/PACIFIC

# Trend Is Higher For India Exports, But Deficit Grows

Compiled by Our Staff From Dispatches

NEW DELHI — India's trade deficit nearly doubled in the year ended March 31 despite a big jump in exports, P. V. Narasimha Rao, the commerce minister, said Tuesday.

The country posted a trade deficit of \$2.03 billion, up from \$1.04 billion in 1993-94, even

though exports rose more than 18 percent and reached a record level in March.

India exported \$26.22 billion of goods in the year, compared with \$22.17 billion the year before. Exports in March were a record \$2.92 billion, up 31 percent from March 1994.

But imports into India rose 22 percent, to \$28.25 billion. Petroleum imports, which constitute one-fifth of all imports, rose just 1 percent, to \$5.71 billion.

Mr. Chidambaram said the government was not worried about the deficit because exports should grow in the coming years as India completes free-market reforms.

"This deficit is acceptable," he said. "There is no cause for alarm."

He said exports of marine products, basic chemicals, jute and textile products were buoyant in 1994-95, while exports of tobacco, oil meal and rice declined. The United States was the largest importer of Indian goods, taking 19 percent of the country's exports.

Mr. Chidambaram said exports were particularly strong in March because customs authorities had worked 24 hours a day to clear a backlog of shipments before the fiscal year ended.

"The year ended on a very satisfactory note," he said.

The government considers exports a crucial barometer of the health of the overall economy as well as the competitiveness of companies, most of which were shielded for decades by high tariff barriers and quotas.

Since he assumed power in 1991, Prime Minister P. V. Narasimha Rao has rolled back many of the barriers as part of a liberalization program.

Forty-two percent of India's exports in 1994-95 went to the rest of Asia, up from 34 percent three years ago, said Tejendra Khanna, a Commerce Ministry official. Mr. Khanna said Asia could claim 44 percent or 45 percent of India's exports this year because of the strong economic growth in the region.

(AFP, Reuters)

## Hat to Be Passed Around at ADB

By Kevin Murphy  
International Herald Tribune

AUCKLAND, New Zealand — The newly rich countries of Asia face mounting pressure to increase their financial backing for the Asian Development Bank, officials and delegates said here Tuesday.

Impatience is growing with delays by the United States in meeting its funding commitments to the bank, these officials said. They added that countries within the region would now be lobbied harder to provide more funding of their own for the ADB loan programs targeted for their poorer neighbors in the region.

Washington is reluctant to fully remit \$680 million promised in 1992 to top up the Asian Development Fund, a soft-loan facility reserved for poor member countries.

For the ADB, a 55-member development-finance body that is struggling to improve its overall management when its mission is changing, hesitation by the United States to honor its pledges has sent mixed and worrying signals, delegates said.

"The Americans' stance makes it difficult for the rest of us who push this bank to change, to look like we care what happens to it now," said one delegate from a Western country that last year joined the United States in calling for improved performance by the ADB.

At the same time, some of the poor Asian nations that depend heavily on the

ADB fear that many Western donor countries have lost the will to support them.

Washington has pushed hard for the bank to improve its internal management, increase private-sector lending and make a greater effort to support social and environmental programs. The ADB has traditionally specialized in infrastructure lending.

But foot-dragging on actual payment of an estimated \$437 million — while Washington monitors the bank's performance — has jeopardized the soft-loan program through which the bank lends to poorer members for an annual service charge of 1 percent.

Because several other, mostly European, countries link their ADB contributions to U.S. remittances, at least another \$400 million remains outstanding from several other donors.

The delay has also prevented negotiations from starting on the next ADB loan program. Senior bank officials and Western countries have said the program would seek greater support from countries such as Taiwan, Singapore, South Korea and Hong Kong.

As economies that have prospered in the recent years of Asia's overall boom, these countries will be heavily lobbied during the meeting and in coming months to make greater contributions to the bank.

■ **Ecological Problems Loom in Asia**

The rapidly growing Asia-Pacific region faces a bleak future of air and water

pollution, heavy carbon dioxide emissions and land degradation if reforms are neglected, a senior ADB official said Tuesday, according to a Reuters dispatch.

"Such is the grim picture that we are faced with if economic development in the region is pursued without adequate social and environmental safeguards," Peter Sullivan, vice president of the ADB, said.

He said the region's 7.9 percent average annual economic growth between 1981 and 1990 had been accompanied by significant damage to the environment and widespread poverty.

"More than 700 million people in the region still live in absolute poverty," Mr. Sullivan, who is an American, said. "For the poor simply to survive, they are compelled to take what they can from the land today and lack the means to conserve their natural resources for tomorrow."

The ADB faces a drain on its funds for long-term loans to its poorer members as the bank's richer members such as the United States and Canada tighten their belts and aim to curtail donations.

Mr. Sullivan warned in a speech that the region could only maintain its brisk pace of economic growth if developing nations balanced demand and supply for infrastructure projects and social services aimed at helping the poor.

Major Western donors have pushed to attach stern social and environmental provisions to Asian Development Fund loans, a move that upsets poorer members who see this as internal meddling.

## Investor's Asia

Hong Kong	Singapore	Tokyo
Hang Seng	Straits Times	Nikkei 225
1994	1994	1994
1000	2400	15000
8000	2300	14000
6000	2200	13000
4000	2100	12000
2000	2000	11000
0	1900	10000
J F M A M	J F M A M	J F M A M
1994	1994	1994
Exchange	Index	Tuesday
Hong Kong	Hang Seng	8,212.11
Singapore	Straits Times	2,070.51
Sydney	All Ordinaries	2,026.30
Tokyo	Nikkei 225	17,088.66
Kuala Lumpur	Composite	944.57
Bangkok	SET	1,249.57
Seoul	Composite Index	906.04
Taipei	Stock Market Index	5,771.81
Manila	PSE	2,448.16
Jakarta	Composite Index	420.16
Wellington	NZSE-40	2,110.35
Bombay	Sensitive Index	3,015.07
		Prev. Close
		% Change
		-0.17
		-0.04
		-0.65
		+1.65
		-0.76
		+3.38
		+1.03
		-0.31
		-0.72
		+1.17
		-0.47
		-3.77

Source: Reuters

Illustration: Herald Tribune

## Very briefly:

• Unilever Group is considering buying the Pacific Brands for business from Pacific Dunlop Ltd.; analysts value the business as much as 1.2 billion Australian dollars (\$871 million).

• Sun Hong Kai Properties Ltd. agreed to lead a commercial complex in Guangzhou in southern China; the project's cost has been put at 1 billion Hong Kong dollars (\$129.2 million).

• Grand Orient Holdings' major shareholder, Goodwill International Holdings Ltd., will sell its 34.9 percent stake in Grand Orient to New Concept Technologies International Ltd. for 143.5 million Hong Kong dollars.

• China International Trust & Investment Corp. promoted Qin Xiao to president and executive director; Wang Jun was appointed chairman, replacing Wei Mingyi, who retired.

• Merrill Lynch & Co. is reported to be seeking a Chinese partner to set up a joint-venture investment firm in China.

• China's western oil fields performed better than those in eastern China, which had stable or slumping production in the first quarter.

• India's northeast is expected to show sharply reduced tea production in the first four months of 1995 because of drought, particularly around Darjeeling.

• Pohang Iron & Steel Co., South Korea's largest steelmaker, plans to issue \$250 million of 10-year bonds in the United States this month; Morgan Stanley & Co. is to be the lead manager.

• South Korea and the United States are to meet in Geneva this week for talks on Seoul's restrictions on imported farm products.

• Perusahaan Otomobil Nasional Bhd., or Proton, plans to buy Australian parts to reduce the cost of its cars in Australia, where the Malaysian carmaker began marketing its cars this week.

• Bruno Grolo, an Australian property developer, unveiled plans for the world's tallest building; Mr. Grolo wants to build the 500-meter (1,622-foot) tower in Melbourne and is considering tapping the stock market for funding.

AFP, AP, Knight-Ridder, Reuters

## Ostrich Deaths Mystify Australia

Reuters

SYDNEY — A mystery illness has struck Australia's fledgling ostrich industry, killing thousands of valuable chicks, the Australian Ostrich Association said Tuesday.

The deaths were noticed when some of Australia's 500 breeders in New South Wales, Victoria and Queensland reported unusually high mortality rates among chicks — which are worth several thousand dollars each — during the breeding season, which runs from August to May.

Breeders feared an exotic bird disease such as avian influenza or Newcastle disease had slipped through the country's quarantine.

But the executive director of the Australian Ostrich Association, Chris Melham, said testing on several affected properties ruled out a virus. The cause of the deaths has yet to be established.

Since the illness does not appear to be viral, it probably does not pose a threat to the commercial farming of emus, the native Australian cousins of the ostrich.

"The industry was coming under fire for posing a threat to commercial poultry and wild birds but the tests were negative," Mr. Melham said. He said he hoped a survey of Australian breeders underway at the moment would shed further light on the illness.

Mr. Melham said evidence "pointed more and

more to management practices, such as feeding management."

Australia's ostrich industry, which is still in its early stages, is aiming to emulate the success of ostrich farming in South Africa and the United States.

Mr. Melham said there were 35,000 of the large flightless birds in Australia.

He said the flock was growing rapidly as newcomers invested in the birds, which are capable of surviving the dry weather conditions prevalent in much of Australia.

The meat of ostriches, which average 2.5 meters (8 feet) tall and weigh as much as 120 kilograms (264 pounds), is relatively low in cholesterol and high in protein, compared with most red meat and poultry. The meat sells locally for as much as 40 Australian dollars (\$29) a kilogram, and a pair of breeding ostriches currently sells for between 60,000 dollars and 120,000 dollars.

The industry in Australia wants to build its flock to 200,000 birds by 2000.

Andrew Youngberry, a breeder from Eden Farms near Toowoomba, Queensland, said farmers whose crops and livestock had been devastated by drought have been key investors in the ostrich industry, which has grown rapidly in the past five years.

## Plastics Help Lift ICI Australia Net

Compiled by Our Staff From Dispatches

MELBOURNE — ICI Australia Ltd. nearly doubled its dividend Tuesday after posting a 64 percent rise in first-half profit amid a recovery in its plastics division and higher sales of chemicals.

ICI Australia, which is 62.6 percent-owned by Imperial Chemical Industries PLC of Britain, said net profit for the six months ended March 31 rose to 124.9 million Australian dollars (\$90.7 million) from 76.4 million dollars. Sales rose 9 percent, to 1.61 billion dollars.

Shares in ICI Australia closed 28 cents higher at 10.28 dollars. The company raised its interim dividend to 20 cents a share from 11 cents a share a year earlier.

(Bloomberg, Reuters)

## Japan Curbs Cloth Imports

Compiled by Our Staff From Dispatches

JAKARTA — Japan's ambassador here said Tuesday that textile imports from Indonesia would be limited to protect Japanese producers.

"Large imports of Indonesian textiles could damage small and poor industries in Japan," Taiso Watanabe said. He said officials from Tokyo would confer with Indonesians involved before action was taken about three months from now.

Japan announced last weekend that it was investigating imports of cotton yarn, poplin and broadcloth from Indonesia, China and South Korea.

Japan imported \$189.9 million of textiles from Indonesia last year, compared with \$1.66 billion from China and \$586.1 million from South Korea.

Separately, 21 semiconductor companies in Japan promised to buy more than \$128 million of semiconductor products from Taiwan within the next year; the Sino-Japanese Economic and Trade Foundation said.

The orders were promised during a round of trade talks between semiconductor firms in Taiwan and Japan, a foundation spokesman said.

(AP, Reuters)

## Tokyo Denies Credit Firm Will Close

Bloomberg Business News

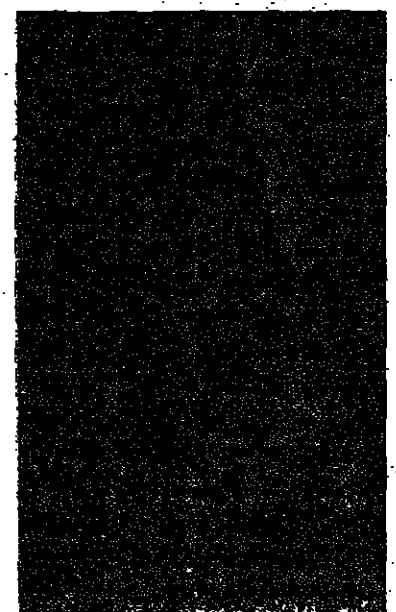
TOKYO — Noshori Credit Union, a small institution in northern Japan, is facing financial difficulty and has obtained financial support from an industry association; officials at the Finance Ministry and the Bank of Japan said Tuesday.

The officials denied a report in the Yomiuri newspaper that Japan's monetary authorities had decided to let the indebted credit union be liquidated using public money.

The newspaper reported Tuesday that the Finance Ministry and the Bank of Japan had decided to let the credit union go bankrupt because of its large volume of bad loans.



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**Tuesday's 4 p.m. Close**  
(Continued)

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## OBSERVER

## Line 'em Up and Shoot

By Russell Baker

NEW YORK — "Line 'em up against the wall and shoot 'em" was my Uncle Gregory's favorite phrase. It was his way of handling people who ruffled the public calm.

Whether they were unionized malcontents whose picket line inconvenienced him or political hotheads whose anti-government insolence outraged his sense of patriotism, it did them no good to beg Uncle Gregory for mercy.

"What they ought to do is line 'em up against the wall and shoot 'em," he shouted.

Uncle Gregory had never shot a soul, much less whole squadrons of humanity. He was white-collar desk labor and well-heeled by Depression standards.

He had a car with a rumble seat and money so plentiful he could afford restaurants with potted palms where waiters wore tuxedos and live musicians played for diners frothing between courses.

This last I saw with my own eyes and shall never forget. Its splendor equipped me to visualize many years later the elegant Parisian world of Proust's *Duchesse de Guermantes*.

Family rumor had it that Uncle Gregory made \$5,000 a year. This was Aladdin's wealth in 1937, and when I had aged into the wisdom of 25-year-olds I evolved theories to explain why a man so rich should have yearned to see so many shot.

The Marxian explanation wouldn't do. At 25 I knew that \$5,000 a year even in 1937 did not a Morgan partner make. Later I thought maybe he had just been infected by the style of the times. From the 1914 war in Europe to the other day in

Rwanda, the 20th-century style in human relations has been, basically, to line 'em up against the wall and shoot 'em. The talk-radio phenomenon now in the news is like Uncle Gregory in this respect. Not good-natured. I mean — committed to and consumed by the pleasures of being ill-natured.

It is rare to hear somebody good-natured phone in to say anything good-natured, to point out that it takes a heap of sinners to make a world, to absolve some failed politician with a good-natured observation that even when people do their best the worst often happens.

Being good-natured would doom most talk-radio hosts. The purpose of the typical talk show that dwells on government, society, morals and politics seems to be to make miserably unhappy people feel even worse.

And what is astonishing is that so much of the public loves being made to feel so absolutely rotten about the inevitable follies of the world. How else to explain the demand for talk-show hosts who can lay on rage and despair with a howl? A successful host's job is to obliterate any good-natured instinct undermining the fury of his audience.

There's something about the ill-natured person that spoils the day for everybody who isn't. Back in the Depression when entertainment was expensive, good-natured people could have a nice evening sitting around the coffee batching schemes for ending a sit-down strike. Until Uncle Gregory, getting red in the face, said line 'em up against the wall and shoot 'em.

This produced anger, bad feeling and spiritual depression to go with the economic. Uncle Gregory was probably a man of the future.

New York Times Service

By Susan Keselenko Coll

WOTTON-UNDER-EDGE, Eng. — After seven years of juggling housework, child-rearing and pulp fiction writing, all while coping with an errant spouse and an amorous plumber, Dulcie Domum needs a break. So, too, does her creator, who has decided to send Dulcie — the beloved, bedraggled heroine of the *Guardian* Weekend newspaper serial "Bad Housekeeping" — on sabbatical for a while so they can both recover from the trauma of domestic life.

While writer Sue Limb insists that her own life is far less stimulating than that of her fictitious alter ego, she has her own reasons to claim fatigue. In addition to writing three collections of "Bad Housekeeping," she also has written four novels, a volume of essays culled from her earlier work as a columnist for *Good Housekeeping*, about 10 children's books, a historical biography and several television and radio programs. As if that were not enough, the 48-year-old writer has recently added the title of "farmwife" to her résumé.

Despite Limb's own achievements, it is the absurdly funny Dulcie Domum who usually steals the limelight. At once soap opera and social commentary, the weekly column captures the plight of the '90s working woman who tries awfully hard to get it right and rarely does. As an overly self-conscious, middle-class, provincial Englishwoman, Dulcie darts guiltily between her word processor, where her latest "bonkbuster" is usually in progress, to her children, to the chores that await her in the "kitchen."

When she does find the odd moment of peace in which to write, she usually pays a heavy price in household disasters: "On arrival in kitchen all thoughts of sustenance dispelled by ghastly sight. Kitchen has become lake. Henry sailing boatloads of Lego refugees toward new life in shadow of cooker. Harriet sprinkling talcum powder on water like Ganges funeral rite."

Even without aberrant kitchen appliances, feeding her family is a

thrice-daily struggle: "Nothing in fridge except two withered carrots, bag of sprouts dating from eighteenth century, and a couple of half-finished jars of marmalade," she writes.

Limb says that when she was first asked to write a column for the *Guardian*, she hesitated. "I flinched and blushed and said, 'Well I don't know if I can, really. I'm not terribly knowledgeable and I'm not strongly opinionated.'" She says it eventually occurred to her that a column need not be didactic. "It dawned on me that perhaps I could actually make a virtue out of what was an inadequacy, really. Because I've always been very bad at housekeeping and domestic duties, and I haven't got any better at them as I've got older."

But the humor stems from more than just Dulcie's foibles as a housewife. The column keeps pace with contemporary British life. Decidedly unglamorous members of Parliament star in Dulcie's not infrequent erotic fantasies, and her dreams occasionally include hanging out with members of the royal family. Limb also takes good-natured jabs at political correctness. Referring to her fictional daughter, she writes, "My entire educational strategy has collapsed. Maternal insistence on Girls are Best, plus relentless exposure to 100 percent handcrafted traditional fairy tales, has given her Princess complex. Years for silky hair a yard long, and Kiuchi Prince in lured lights."

Likewise, her son is usually engaged in heavy artillery fantasy play despite Dulcie's own pacifist tendencies: "Cannot believe I am only voter attracted by Green Party's Defence Policy," she quips.

Even her liaisons with Tom from the Anarchist/Buddhist Plumbing Collective are conducted at such events as "Rusbridge Save the Rainforest Day," where Dulcie comes clad as a giant Brazil Nut Tree.

Although Limb insists that she is not Dulcie Domum — "actually Dulcie's life is a lot more vivid and interesting than mine," she says — there are certain similarities. As a writer, Limb strives to balance her work with raising her 10-year-old daughter. And



Sue Limb, the creator of Dulcie Domum, is taking a break.

Dulcie's political tendencies clearly mirror those of the author, who stood as a Green Party candidate for the Cotswolds constituency in the 1989 European Parliament elections.

A small, bespectacled woman dressed in blue jeans and driving a mud-splattered Volvo, Limb does appear more the eccentric aunt than the colorful, philandering Dulcie. But on closer inspection, her life is every bit as entertaining. She has spent the last four years on a Cotswolds farm with her daughter, lots of cows and sheep, and

Steve the Shepherd, who owns the place. She speaks passionately of her love of poultry, but the chief attraction to the farm life is clearly the man she describes as a "gorgeous young farmer" with whom she lives following her two previous marriages.

And if this plot sounds somehow familiar, it is because she has borrowed liberally from her own life in creating her last comic novel, "Sheep's Eyes and Hogwash," in which an urban television writer is sent on assignment to the country-

side, falls in love with a young shepherd, and lives happily ever after.

Limb, who was raised in Cheltenham and educated at Cambridge, says that comedy writing has always come easily to her. She has written three light comic novels, which she calls "contemporary social comedy."

"I don't really think of myself as a serious novelist, because I've written so much for radio, so much for telly, and above all, for the *Guardian*," she says.

She hopes that will change with the publication of her first serious historical novel, "Passion Fruit," which is due out in October. Set in the West Indies in 1795, the story takes place on a sugar plantation and required intensive research including six trips to the islands.

Limb intends to follow up with a second historical novel, and is also at work writing a television program for the BBC. Which is all to explain why Dulcie's exploits have just ground to a temporary halt as she is granted a writer-in-residence post at MacMurdie College in Big Law, Canada. The job is a godsend for Dulcie, who has been looking for work since her husband — an emotionally repressed, sardonic historian who for seven years has been known primarily as "Spouse" — ran off with their neighbor, Elaine.

For her own part, Limb says she simply needs "a break."

Whether "Bad Housekeeping" devotees will agree that a rest is in order remains to be seen. "I think readers will be gutted," says *Guardian* Weekend editor Deborah Orr. "There will be crises in households up and down the country," she adds, not entirely joking.

Meanwhile, Limb says she will take some time to contemplate Dulcie's future. There is some thought of sending son Henry off to live with Spouse, which would, in theory, lighten the load for both character and author. It's all still up in the air, though. These domestic arrangements can get pretty sticky. All parties involved just need some time to sort themselves out.

Susan Keselenko Coll is a freelance writer based in London.

## WEATHER

Forecast for Thursday through Saturday, as provided by Accu-Weather.

Europe	Today	Low	High	Tomorrow	Low	High
Algeria	20/23	18/21	24/25	16/21	20/23	24/25
Amsterdam	19/22	13/16	18/24	13/15	19/22	24/25
Athens	22/27	13/14	17/23	13/16	22/27	24/25
Birmingham	20/24	10/10	19/26	10/10	20/24	24/25
Brussels	22/27	14/17	23/21	14/17	22/27	24/25
Budapest	19/24	8/16	18/24	8/16	19/24	24/25
Copenhagen	17/20	9/12	18/24	9/12	17/20	24/25
Dublin	22/27	12/13	23/21	12/13	22/27	24/25
Edinburgh	20/24	9/16	18/24	9/16	20/24	24/25
Frankfurt	18/21	9/16	18/24	9/16	18/21	24/25
Geneva	22/27	12/13	23/21	12/13	22/27	24/25
Helsinki	11/22	4/10	12/23	4/10	11/22	24/25
Lisbon	22/27	12/13	23/21	12/13	22/27	24/25
London	20/24	9/16	18/24	9/16	20/24	24/25
Madrid	22/27	12/13	23/21	12/13	22/27	24/25
Moscow	10/20	3/10	14/27	3/10	10/20	24/25
Munich	17/22	9/16	18/24	9/16	17/22	24/25
Nice	18/24	13/16	23/21	13/16	18/24	24/25
Oslo	17/22	3/10	14/27	3/10	17/22	24/25
Paris	22/27	12/13	23/21	12/13	22/27	24/25
Prague	19/24	8/16	18/24	8/16	19/24	24/25
Rome	22/27	12/13	23/21	12/13	22/27	24/25
Stockholm	13/22	5/11	12/23	5/11	13/22	24/25
Toronto	22/27	12/13	23/21	12/13	22/27	24/25
Warsaw	19/24	8/16	18/24	8/16	19/24	24/25
Zurich	22/27	12/13	23/21	12/13	22/27	24/25

North America	Today	Low	High	Tomorrow	Low	High
Alaska	22/27	12/13	23/21	12/13	22/27	24/25
Canada	20/24	9/16	18/24	9/16	20/24	24/25
USA	22/27	12/13	23/21	12/13	22/27	24/25
Europe	20/24	9/16	18/24	9/16	20/24	24/25
Asia	22/27	12/13	23/21	12/13	22/27	24/25
Africa	20/24	9/16	18/24	9/16	20/24	24/25
Oceania	22/27	12/13	23/21	12/13	22/27	24/25

Asia	Today	Low	High	Tomorrow	Low	High
Bangkok	22/27	12/13	23/21	12/13	22/27	24/25
Beijing	20/24	9/16	18/24	9/16	20/24	24/25
Hong Kong	22/27	12/13	23/21	12/13	22/27	24/25
Manila	20/24	9/16	18/24	9/16	20/24	24/25
New Delhi	22/27	12/13	23/21	12/13	22/27	24/25
Seoul	20/24	9/16	18/24	9/16	20/24	24/25
Singapore	22/27	12/13	23/21	12/13	22/27	24/25
Taipei	20/24	9/16	18/24	9/16	20/24	24/25
Tokyo	22/27	12/13	23/21	12/13	22/27	24/25

Bunny Wailer, a former member of Bob Marley and the Wailers, has signed a \$10 million contract with the Japanese branch of Columbia Records. A Jamaican newspaper reported. Bunny Wailer will produce compact disks and albums over the next 10 years under the Columbia contract.

John Kennedy Jr. and Caroline Kennedy Schlossberg attended the Spring Gala of the American Ballet Theatre, which has dedicated its 1995 season to their mother, the late Jacqueline Kennedy Onassis.

Janet Leigh is still trying to come clean after the trauma of being stabbed to death in the shower scene of the movie "Psycho" 35 years ago. "I stopped taking showers and I take baths, only baths," she said in an interview.

Terence McNally's play "Love! Valour! Compassion!" was named Best Broadway play by the Outer Critics Circle, which comprises theater writers based outside of New York. The group chose An-



Kennedy and Schlossberg at American Ballet Theatre's gala.

drew Lloyd Webber's "Sunset Boulevard" as best musical.

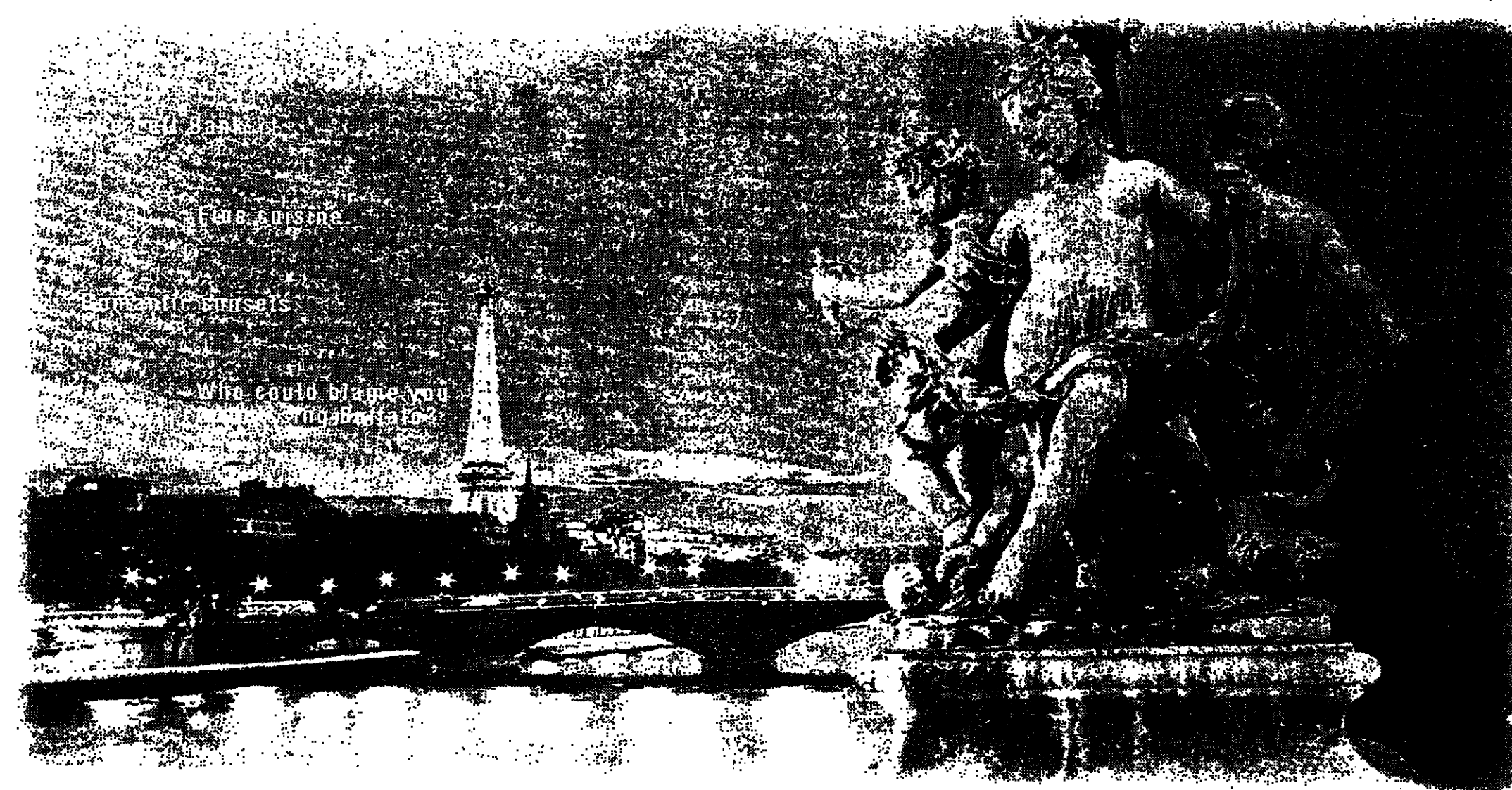
New York City remembered a jazz great

with a ceremony naming Duke Ellington Circle on the spot at the gateway to Harlem where his 25-foot (8-meter) bronze statue is due to be erected this fall.

The designer Oscar de la Renta said he jumped at the offer by Leah Rabin, the wife of the Israeli prime minister, to hold the first foreign showing of his winter 1996 collection in Israel after unveiling it last month in New York. His next stop is Amman, Jordan, where he will be the guest of Queen Noor.

Paul Newman is channeling some of his profits from the sale of his brand-name popcorn and salad dressing to street children in the Philippines.

The Otis Redding screenplay will keep skinn' on top of the shelf. Joe Eszterhas, who wrote the Sharon Stone movies "Basic Instinct" and "Sliver," couldn't find a buyer for his version of the singer's life.



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India 000-111	Czech Republic 002-803-011	Burkina Faso 002-803-011	Brazil 001-800-430-0111	
Indonesia 001-801-10	Denmark 002-803-011	Burundi 002-803-011	Canada 001-800-430-0111	
Japan 000-111	Finland 002-803-011	Cambodia 002-803-011	Chile 001-800-430-0111	
Korea 000-111	France 002-803-011	Cameroon 002-803-011	Colombia 001-800-430-0111	
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